

## **MANAGEMENT IN MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs): CHALLENGES AND SOLUTIONS AMID ECONOMIC UNCERTAINTY**

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### **Abstract**

Micro, Small, and Medium Enterprises (MSMEs) play an important role in supporting the economy in Indonesia. MSMEs are often considered the backbone of the economy because they are able to create jobs, drive economic growth, and strengthen local economic resilience. Amid economic uncertainty influenced by global changes, financial crises, and natural disasters, MSMEs face various challenges that can affect business continuity. These challenges include limited capital, fluctuations in market demand, and changes in regulations that can have a direct impact on business activities. This study uses a qualitative approach with a literature study method to deeply understand the challenges and risk management strategies implemented by MSMEs in facing economic uncertainty. The literature study method was chosen because it is able to provide a comprehensive overview of various relevant references, such as books, scientific journals, and research reports. The results of the study show that MSMEs face four types of risks, namely financial, operational, market and regulatory risks. Financial risks include limited access to financing and income instability, while operational risks relate to production efficiency and resource management. Market risk involves fluctuations in demand and intense competition, while regulatory risk relates to changing government policies. The strategies implemented by MSMEs in facing this challenge include market diversification, business digitalization, collaboration with financial institutions, and training and education for business actors. Market diversification helps MSMEs expand their customer reach, while business digitalization allows for increased efficiency and wider market access. Collaboration with financial institutions facilitates access to financing, while training and education increase the capacity of business actors in managing risk. This study confirms that the implementation of effective risk management is a key factor in maintaining the sustainability and competitiveness of MSMEs amid economic uncertainty.

**Keywords:** MSMEs, Economic Uncertainty, Risk Mitigation .

### **A. INTRODUCTION**

Micro, Small, and Medium Enterprises (hereinafter referred to as MSMEs) have a very vital role and are the backbone of the economy in Indonesia. Indonesia, which is still categorized as a developing country, really needs the role of MSMEs as a driver of economic inclusion, creating jobs, and being one way to deal with and reduce unemployment and poverty (Janah & Tampubolon, 2024). According to data provided by the Ministry of Cooperatives and SMEs, in 2023 MSMEs in Indonesia contributed around 60% (sixty percent) of

the total Gross Domestic Product (GDP) and absorbed around 97% (ninety seven percent) of the total workforce (Kemenkop UKM, 2023).

In addition to being the main driver in advancing the economy in Indonesia, MSMEs also have a share and role in improving the welfare of society. This can be seen from the many types of MSMEs that have emerged and can provide jobs to the community around the MSME location. From the absorption of local labor, MSMEs help improve the standard of living of many families (Kadeni, 2020). This contribution shows how vital the role of MSMEs is for society, especially in maintaining economic stability. However, even though the presence of MSMEs has contributed to society and the country, MSME actors often face various challenges that can threaten the sustainability of their business and/or efforts (Indarwati et al., 2023).

One of the most obvious challenges is the occurrence of an economic crisis, both on a global and local scale. For example, the Covid-19 pandemic that occurred between 2019 and 2022. The impact of the pandemic was felt directly by all MSME actors (Emiliani et al., 2021). According to research conducted by Andi Amri, the impact of Covid-19 on small food and beverage businesses was 1.77%, medium businesses 0.07%, and micro businesses were at 17.03%. This figure shows that there has been a significant decline in the stability of the MSME economy (Amri, 2020).

An economic crisis like this certainly threatens the sustainability of MSMEs which can result in bankruptcy. In addition to the Covid-19 pandemic, according to a report from the International Finance Corporation (IFC), around 60% (sixty percent) of MSMEs have experienced problems related to the risk of product and/or service failure in the last three years. This is often caused by a lack of market research, inappropriate innovation, lack of capital, and even a lack of understanding of MSME actors in business competition (Nugroho, 2024).

In addition to the economic crisis, MSMEs are also vulnerable to financial risks and inflation. Limitations in risk management make MSMEs vulnerable to price changes, especially increases in the prices of basic necessities, operational costs, which can reduce MSME income margins (Yudianto, 2024). Digitalization is no less important in having an impact on reducing the stability of MSMEs. In the era of revolution 4.0, digitalization has become one of the marketing tools that cannot be avoided. Digitalization can change the way of doing business, consumer behavior patterns, product distribution, and cross-country business competition (Mardiana et al., 2024).

The fact that has occurred until now is that not all MSMEs can adapt to digital progress. Several factors underlie this, ranging from limited human resources, lack of knowledge about technology, to limited capital. This certainly further exacerbates the backwardness of MSMEs, especially since current business competition is not only in the local realm, but has also spread to the global realm (Sultoni et al., 2021).

In addition to these challenges, MSMEs also often face internal challenges that can affect their performance (Salahudin et al., 2018). These internal challenges include; limited capital so that MSMEs have difficulty in accessing financing, unprofessional management that can affect efficiency in resource management, lack of strategic business plans, limited quality of human resources, and low ability of MSMEs to adapt to market changes (Juita, 2016).

Various challenges that can threaten the existence of MSMEs are in line with the risks in MSMEs themselves. In a business, business actors are inseparable from the risks that will be faced. This risk does not only exist in large companies, but also targets small companies such as MSMEs (Jesslyn et al., 2022). One of

the things needed to maintain the stability of MSME growth is risk management. Risk management is very important for MSMEs because its presence brings opportunities for MSME actors to maintain their business amidst the onslaught of economic uncertainty (Fitriani & Mursid, 2025).

In this article, 2 (two) main problems faced by MSMEs will be discussed, namely the challenges faced and the strategies used by MSMEs in overcoming these challenges. This study aims to examine more deeply about risk management in MSMEs which focuses on the challenges and strategies used by MSMEs in increasing the effectiveness of risk management in MSMEs.

## **B. METHOD**

This study uses a qualitative approach with a literature study method. A qualitative approach was chosen because this study aims to understand the phenomenon in depth regarding the challenges and risk management strategies of MSMEs amid economic uncertainty. Literature study is the main method because it allows researchers to collect and analyze various data obtained from relevant sources. Data sources in this study come from books, articles or scientific journals, reports, and various other references that are related to the research topic. After the data is collected, the analysis is carried out through several stages, namely data reduction, data presentation, and drawing conclusions. At the data reduction stage, researchers filter and select data that is relevant to the research focus. Next, the selected data is arranged in a table to facilitate identification of themes and relationships between variables. The final stage is drawing conclusions, where the data that has been presented is analyzed in depth to find meaning and significant relationships related to the focus of this research.

## **C. RESULT AND DISCUSSION**

### **Identification of Risks and Challenges in MSMEs**

MSMEs in Indonesia, mostly come from household businesses, where their presence can absorb labor. Quoted from the Ministry of Finance page, in 2019, there were 65.7 million MSMEs that could absorb 123.3 thousand workers. This proves that the impact of the presence of MSMEs is very large in reducing the unemployment rate in Indonesia. In the midst of the large number of MSMEs, of course their presence is not free from challenges that can threaten their existence.

A deep understanding of the concept of risk, especially in the context of business processes, is the main basis for risk management. In its application, risk management is considered effective if it is able to support organizational operations to run more efficiently (Darmawi, 2010). This effectiveness can be seen from its ability to reduce expenses arising from failure or exposure to risks that can affect business sustainability. Risk identification is a very important initial stage in recognizing and anticipating the risk of threats that will arise. Risk identification in this context will focus on four main aspects, namely financial risk, operational risk, market risk, and regulatory risk (Dennistian, 2019). Each of these risks has different characteristics and impacts on the sustainability and sustainability of MSMEs. The following researchers will explain each of the risks above:

#### **a. Financial Risk**

Financial risk is a condition that arises due to changes both internally and externally that can harm the finances of a person, a group, or a company. Financial risk is one of the most common risks in the business

sector. In the context of MSMEs, this risk is related to the inability of MSMEs to manage cash flow, access financing resources, and meet financial obligations. Financial risk refers to potential threats that can affect the stability of income and sustainability of a business, including MSMEs. This risk can have an impact on various financial aspects, such as decreased income, funding difficulties, and cash flow, as well as various other possibilities that must be borne. For MSMEs, financial risk appears in various forms, ranging from fluctuations in income due to market changes, high operational costs, and limitations in managing finances effectively (Septi et al., 2023). MSMEs are also very vulnerable to external changes, such as regulations regarding the economy, in this case taxes, interest rates, inflation, to the impact of global events. The inability of MSMEs to manage financial risk can certainly lead to liquidity difficulties, increase debt, termination of financing, and even often lead to bankruptcy.

#### **b. Operational Risk**

Operational risk is a risk that is influenced by several factors, namely human factors, processes, procedures, systems, and external events. Not only influenced by the good and low quality of management by company leaders or managers. Operational risk in MSMEs is closely related to the availability of raw materials, the level of product innovation, and the number of workers who have special skills according to needs (Sri Haryati, 2017). These risks are important elements in maintaining the stability and sustainability of MSMEs. This is due to the potential for disruption that can arise due to various factors, such as failure in the supply chain, human error in business management, limitations of operational systems, to the impact of unexpected events. All of these factors can have a negative impact on MSME productivity and significantly threaten business stability (Aziz et al., 2025)).

In the case of MSMEs, the main challenge in operational risk often starts from dependence on raw material suppliers. If there are obstacles and/or disruptions in distribution, the production process can be hampered. In addition, the lack of innovation in developing products is a separate obstacle, so that the lack of innovation can reduce the competitiveness of MSMEs, especially when competitors' trends continue to adapt to market trends. Not only that, the limited workforce with specific skills that match industry needs is still a problem in itself. This becomes even more complex when an MSME operates in a sector that requires workers with certain skills to support its business growth. In this context, if the MSME in question does not have competent workers in their fields, operational efficiency can be disrupted. On the other hand, many MSMEs have difficulty in obtaining workers due to several factors, such as limited access to quality human resources, lack of job training for employees, and an imbalance between industry needs and employee skills. In addition to affecting MSME productivity, this can also have implications for the quality of the products produced.

Competition with large companies that offer higher salaries and facilities often makes it difficult for MSMEs to retain skilled workers. In the long term, if not handled properly, the lack of skilled workers can hinder the development of MSMEs and will only increase operational risks, especially in facing market changes and demands for digitalization.

#### **c. Market Risk**

MSMEs do have an important role in the Indonesian economy. However, they are often exposed to significant market risks. The market risk often faced by MSMEs is changes in consumer preferences which can be categorized as high risk. Market risk occurs due to changes in consumer behavior patterns, as reflected in the increasing number of social media platforms that support digital marketing (Munthe et al., 2024). Every

second, new products are offered, creating a fast and highly competitive market dynamic. Not to mention, many similar products have different qualifications, of course this is a challenge for MSMEs. These changes not only affect consumer preferences, but also encompass their purchasing decisions. In today's digital era, consumers are more easily exposed to a wide variety of product choices offered through advertising, sponsored content, and even influencer recommendations. This results in faster and more dynamic changes in consumer trends. If MSMEs do not have the right strategy in dealing with these challenges, they risk losing customers and customers will switch to competitors who are considered more capable of meeting their preferences.

According to researchers, there are several impacts experienced by MSMEs from changes in consumer trend preferences, namely:

- **Product innovation.** To stay relevant in a changing market, MSMEs are required to continue to innovate their products. Social media creates high consumer expectations for the products they are interested in. However, this kind of innovation requires more in-depth research and development, which may be difficult for MSMEs with limited capital.
- **Income.** On the one hand, social media can open up opportunities to reach a wider market, on the other hand if MSMEs are unable to adapt well, they will experience a decrease in income. In addition, high market competition can suppress profit margins, so MSMEs must be able to balance production costs, marketing, and selling prices.

**d. Regulatory Risk**

In 2023, the BPHN of the Ministry of Law and Human Rights, as conveyed by Yunan, will conduct an analysis and evaluation of laws and regulations related to MSMEs. This process is carried out through the Working Group (Pokja) for Analysis and Evaluation of National MSME Law, which consists of representatives from the Ministry of Cooperatives and SMEs, the Coordinating Ministry for Economic Affairs, Bank Indonesia, and the Financial Services Authority. Based on the initial findings of the Working Group, there are a number of crucial issues that are challenges in the development and empowerment of MSME actors. These crucial issues include changing the criteria for MSMEs, the form of assistance provided by the government both at the central and regional levels, the use of digital technology for MSME activities, and obstacles related to increasing competitiveness and resilience. In carrying out their operations, MSMEs are inseparable from various legal aspects that can impact the continuity of their business. Some of the legal challenges often faced by MSMEs are as follows:

- **Regulation Violation.** MSMEs are required to comply with regulations and have a valid business license in their operational area. If a violation occurs, legal sanctions up to business closure can be imposed.
- **Contract Disputes.** Cooperation with distributors or tenants of business premises can pose a risk of legal disputes if one party does not carry out its obligations as stated in the contract.
- **Consumer Lawsuits.** If customers feel disadvantaged because the products or services provided do not meet their expectations, they can file a lawsuit against the UMKM actor.

In addition, MSMEs are also vulnerable to tax violations. MSMEs are required to comply with applicable tax regulations. MSMEs' non-compliance in paying and reporting taxes can lead to various legal and financial risks, including:

- Administrative sanctions, such as late fines for Annual Tax Returns and late VAT fines.

- Tax fines and interest, if MSMEs do not pay the taxes owed, they will be subject to interest on late payment, in accordance with statutory regulatory policies.
  - Tax audit, if there are indications of tax violations, MSMEs can be audited by the Directorate General of Taxes (DGT).
  - Criminal tax sanctions
  - Difficulty in accessing finance and business. MSMEs that are not compliant with tax laws may have difficulty applying for bank loans or participating in government assistance programs that require tax compliance.
- To avoid these risks, MSMEs need to understand their tax obligations and report taxes on time in accordance with applicable provisions.

### **MSME Risk Mitigation Strategy in Facing Risks**

In Indonesia, livelihoods depend on the SME sector. Most of these small businesses are concentrated in the trade, food processing, textile and garment, wood and wood products, and non-metallic mineral production sectors. They operate in highly competitive and uncertain conditions; also heavily influenced by macroeconomic conditions. A poor business environment is more detrimental to MSMEs than to large businesses (Dhewanto et al., 2015).

The risk management approach in the business world, especially for MSMEs, is an important step that aims to anticipate and prepare for various challenges that may arise in MSME operations. One of the biggest challenges ever faced by MSMEs is the Covid-19 pandemic, which carries a great risk to the sustainability of MSMEs, and not infrequently many MSMEs eventually go bankrupt.

Currently, MSMEs in Indonesia have successfully passed the crisis phase caused by the Covid-19 pandemic. The ability of MSMEs to survive shows good resilience and adaptation in facing market and economic uncertainty. However, this success does not mean that the challenges for MSMEs are over. In addition, the latest data from the Ministry of Cooperatives and SMEs, the number of MSMEs in Indonesia in 2024 reached more than 65 million units, where these MSMEs are spread across various sectors, including culinary, fashion, handicrafts, to digital technology. This number is certainly good news, especially for improving the economy and absorbing labor. The large number of MSMEs emerging in various sectors, apart from bringing positive indicators for business growth and entrepreneurship in Indonesia, on the other hand, problems and risks will go hand in hand with the presence of MSMEs. These risks are very unlimited therefore it is necessary to improve the quality of innovation, competitiveness, and implement effective risk management strategies in order to survive amidst the dynamics of the economy that continues to grow.

Risk mitigation strategies in the MSME industry can be carried out through various approaches that are tailored to the needs and characteristics of each business. In this study, these strategies will be analyzed through 4 (four) types of risk mitigation strategies, namely market diversification, business digitalization, collaboration with financial institutions, and training and education for MSME actors organized by related parties.

First, market diversification is a crucial initial step in reducing dependence on one customer segment or a particular region. According to research conducted by Hermawan (2015) , diversification is an effort to

expand the types of goods to be sold and is a company strategy to increase market penetration. Diversification strategy is a strategy with the most complex implications because companies that diversify will gain new experiences, both in terms of their markets and their products.

Diversification allows MSMEs to access new opportunities that they have never had before, both in terms of marketing areas and products. By not relying on a particular market, MSMEs can carry out their productivity more flexibly, especially in facing changes in market trends and economic policies. Market diversification helps MSMEs in facing various risks, such as financial risks that researchers have explained above. MSME income will be more diverse, namely not only from one market segment, but from various different market segments, even more likely to achieve sales in the global realm. This is important especially for MSMEs that are still vulnerable to economic fluctuations and people's purchasing power. Diversification also encourages innovation in products, because MSMEs will be required to understand and meet the needs of a wider market and adapt to consumer tastes. Product diversification can be carried out by companies as a result of product development, this is also a series of market diversification. In product diversification, old products can still be economically maintained, the company will also continue to strive to increase sales by developing new products for new markets, so in this case, MSMEs have a variety of products produced.

Product diversification allows companies to take advantage of higher market opportunities for their products, which will certainly contribute significantly to revenue (Aji et al., 2023). Market diversification is closely related to product diversification. Increased market share is a result of better competitiveness provided by product diversification. By having a wide variety of products that meet customer needs and preferences, companies can attract more customers and take market share from their competitors. Product diversification allows companies to position themselves as strong and attractive players in the industry, which can ultimately increase their market share (Islahuddin & Salim, 2022). Thus, overall product diversification helps companies, in this case MSMEs, to experience increased sales, increased revenue, and capture a wider market share. Therefore, in addition to implementing a market diversification strategy, MSMEs can also consider implementing a product diversification strategy as a strategic step in achieving growth and competitive advantage (Syafi'I et al., 2023).

Second, business digitalization. Business digitalization is one of the key strategies in increasing the productivity of MSMEs, especially in the rapidly developing digital era. Digitalization is the process of changing information, services, or business processes from analog to digital format, as well as the integration of digital technology into the daily activities and operations of an organization. This includes the application of technology to improve efficiency, accessibility, and innovation and change the way organizations operate and interact with their environment (Asmara et al., 2024). Amidst changing consumption patterns and market competition, MSMEs can no longer rely on conventional marketing methods. Utilization of digital technology, such as e-commerce, social media, enables MSMEs to reach a wider and more efficient market. Through digitalization, MSMEs can run their operations faster. In addition, the presence of various social media platforms also provides opportunities for MSMEs to analyze and understand market patterns, consumer actors, and develop more targeted business strategies.

Digitalization also opens up greater access and opportunities for MSMEs in reaching various resources that were previously difficult to reach. By utilizing digital technology, MSMEs can easily increase product efficiency, reduce operational costs, and accelerate the distribution process of goods and services. Digital

transformation in the MSME sector will provide convenience for MSME actors, allowing them to focus more on strategic aspects, and there are even many MSMEs that achieve rapid business growth by relying only on digital marketing. The transition from a conventional business model to a digital system brings various advantages, including:

- a. Expanding marketing reach that has international market potential.

In marketing local products abroad, digitalization can reach consumers in various regions and across countries, which can increase producer income and add value to products.

- b. Save costs

The use of digitalization systems in marketing makes the cost of renting a place efficient, because with this system, the sales place is unlimited and flexible, and does not require maintenance costs. In addition, it can also save costs in terms of transportation, parking costs, and accommodation costs which are also included in the transaction process.

- c. Facilitate purchasing access

Purchase access is not only done face to face at a certain location but can be done flexibly. Purchasing in large quantities is also not a hassle, the ordered items can be sent directly to your home in a safe condition.

- d. Increase the attractiveness of the products being sold

Marketing in the form of digitalization requires uploading product displays that can attract the attention of consumers because they can only rely on product displays to make purchases. Adding a description can also help consumers in getting to know the product and making purchasing decisions.

- e. Increasing the insight and knowledge of the UMKM community

Digital marketing adds skills and knowledge about information technology in the marketing field (Persada & Achiria, 2022). In carrying out digitalization, MSMEs need to implement a structured strategy so that the transformation process runs effectively. There are several recommendations that can be done for MSMEs in running a digital system, including:

1. Building a Digital Presence

MSMEs must ensure that their businesses have an existence and can be found online on digital platforms. The first step that can be taken is to create e-commerce and social media accounts such as Shopee, Tokopedia, Lazada, Instagram, Facebook, TikTok, and various other digital platforms. To optimize and reach a wider digital market, MSMEs can use paid advertising services provided by digital platform managers. With data obtained from digital marketing, MSMEs can better understand consumer preferences and adapt effective marketing strategies.

2. Using digital payment systems

The more advanced an economy, the more crucial the payment system becomes. Digital payment systems have a strategic role, where the development of digital technology has brought significant progress towards ease of payment. Digital payments refer to payment methods that utilize the internet network and are carried out electronically (Widowati & Khusaeni, 2022). MSMEs can integrate digital payment methods such as QRIS, e-wallet, and virtual bank accounts. The digital payment system will facilitate transactions for customers and speed up the payment process. By using this system, MSMEs can also increase transaction security.

3. Using business management software

The use of business management software is one of the strategies of MSMEs in increasing operational efficiency and competitiveness in the digital era. For example, by using Enterprise Resource Planning (ERP) software, MSMEs can manage inventory, finance, sales, and customer relationships. ERP helps MSMEs monitor inventory in real-time, ensure product availability, and increase customer satisfaction through more responsive service (Hidayah, nd).

#### 4. Establishing partnerships

MSMEs can establish partnerships with certain parties, such as influencers, content creators, or digital communities. This is done to expand market reach and build targeted branding.

Third, collaboration with financial institutions. One of the biggest challenges faced by MSMEs in Indonesia is limited access to financing. Despite having an important role in advancing the country's economy, MSMEs often have difficulty in obtaining funding. Lack of access to funding is a major factor that causes MSMEs to have difficulty in maintaining their businesses. As a result, their businesses are only able to run in the short term and are unable to compete with larger business actors. In this economic uncertainty, limited funding worsens the situation and can bring higher financial risks and even eventually be forced to close down.

There are several challenges in financing aspects that cause MSMEs to have difficulty in obtaining funding, including:

- a. Limited access to financial institutions. Many MSMEs do not have access to banks or formal financial institutions due to limited collateral, credit history, and business documentation.
- b. High interest rates can be a burden on MSMEs, especially those who are just starting out or are in the expansion stage.
- c. Lack of understanding among MSME actors about how the loan process works or how to manage finances effectively.

In dealing with the above challenges, the next strategic step in risk mitigation is to collaborate with financial institutions, both banking and fintech. Partnerships with financial institutions are not limited to funding aspects alone, but include financial education, guidance in recognizing and managing financial risks, and the use of financial technology to improve operational efficiency. With good financial support and financial insight, MSMEs can strengthen their competitiveness, mitigate financial risks, and easily ensure sustainable business growth.

Financial institutions can contribute to advancing MSMEs in several ways , including (Saripudin et al., 2021):

#### a) Provision of easily accessible financing

Financial institutions, including fintech and banks, can offer flexible and affordable financing products for MSMEs. Financing with lighter and faster requirements can help MSMEs obtain the capital needed to grow their businesses.

#### b) Providing financial training and literacy

In addition to financing, financial institutions can hold training and education on financial management, understanding financial products, and business planning. This will certainly help MSMEs in increasing their insight and understanding.

#### c) Product development based on MSME needs

Financial institutions can play a role in developing MSME products that are tailored to their specific needs through financing. This includes offering financing solutions. This adjustment will not only increase

MSMEs' trust in financial institutions, but can also encourage the growth of the small and medium business sector.

d) Formation of synergy with other stakeholders

Financial institutions can also support the growth of MSMEs by forming synergies with various related stakeholders, including the government, private sector, and other supporting agencies or institutions. In this context, financial institutions not only function as funders, but also as strategic business partners in developing the capacity and quality of MSMEs.

In addition to the above contributions, researchers also found a positive relationship between collaboration between MSMEs and financial institutions and product innovation in dealing with market risks. With adequate financial support, MSMEs can also divert resources to product research and innovation. In addition, financial institutions usually have a wider network and are more aware of market developments, so this collaboration not only reduces financial risk but can also strengthen the ability of MSMEs to innovate. Product innovation can ultimately increase the competitiveness of MSMEs, innovative products that are relevant to consumer needs will more easily attract purchasing power and purchasing decisions. Collaboration like this brings mutual benefits, where MSMEs gain access to funding and resources needed to innovate, while financial institutions can contribute to economic growth through empowering MSMEs.

Fourth, providing training and education to MSME actors. Training and education for MSMEs is a very important strategic step in mitigating various risks that arise, especially in facing challenges in the digital era and economic uncertainty. There are several training and education efforts that can be provided to MSME actors. Financial management training and education to reduce financial risk. Many MSMEs face financial difficulties in managing and running their businesses due to minimal understanding of financial literacy. With this training, business actors can avoid mistakes in capital management and make more appropriate business decisions. Digital marketing training, in the digital era, marketing through social media, e-commerce, digital marketing strategies such as SEO (Search Engine Optimization), and paid advertising are key factors in increasing MSME growth. The education that needs to be provided is the creation of content that attracts consumers, the use of data analytics to understand consumer behavior, and the use of technology from various sides. This will certainly help MSMEs adapt to the era of massive digitalization.

MSMEs are often vulnerable to economic fluctuations, so training that is no less important is risk management and business sustainability. Education on how to identify, analyze, and manage business risks is very necessary. In addition, business actors also need to be encouraged in business diversification, cost efficiency, and survival strategies in crisis situations. Lastly, education about the importance of having a business license and complying with applicable regulations. Having a business license is the most important thing in running an MSME because a business license provides legal certainty for business actors. Complying with regulations also provides a lot of insight and protection to MSMEs when their business is under threat and crisis, in this case MSMEs can avoid legal risks.

Many MSMEs operate informally, meaning that their business establishment does not have an official permit. Therefore, providing education to MSME actors in terms of regulatory compliance is very much needed, this is so important so that MSMEs can operate their businesses safely and have legal certainty. In addition to the legal aspects that MSMEs must comply with, today's consumers are also literate in literacy.

Consumers are increasingly aware of the quality and safety of a product, so having a business license and other official certifications can be an added value for MSMEs that differentiates them from other competitors.

#### D. CONCLUSION

MSMEs have a very important role in the Indonesian economy, both in creating jobs, improving community welfare, and driving national economic growth. However, amidst the current economic uncertainty, many MSMEs face various risks, such as financial, operational, market, and regulatory risks. Financial risk is a major obstacle for MSMEs, especially in terms of access to financing. As a result, many MSMEs rely on personal capital or informal loans that can carry higher risks. Operational risks include challenges in managing MSMEs, such as production efficiency, supply chains, and limited skilled labor. Market risk is a risk that MSMEs must really face, especially in the digital era. Finally, regulatory risk is also a factor that cannot be ignored. Effective risk management is the main key to ensuring the sustainability of MSMEs amidst economic uncertainty. By implementing appropriate risk mitigation, MSMEs can be more responsive and ready to face various existing risks and increase their competitiveness, both in local, national, and international markets. In addition, synergy between the government, financial institutions, and business actors is needed to create a business ecosystem that is conducive to the growth of MSMEs.

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