



Enhancing the Competitiveness of Kedurus MSMEs through Sustainable Market Practices Based on SDGs

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ABSTRACT

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in supporting local economic development; however, their sustainability remains a key challenge. This community engagement program aims to strengthen MSMEs in RW 8 Kedurus, Surabaya, through the implementation of Sustainable Development Goals (SDGs)-based market strategies. The program focuses on enhancing environmental awareness, improving digital marketing capabilities, and strengthening financial management practices. Methods include training, mentoring, and practical assistance tailored to local needs. The results indicate increased understanding of sustainable business practices, improved product competitiveness, and better financial record-keeping among MSME participants. This initiative contributes to building an inclusive and sustainable local market ecosystem while supporting the achievement of SDGs at the community level.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) represent the backbone of the national economy, playing a vital role in job creation, income generation, and equitable economic development. In the face of global challenges such as climate change, economic inequality, and limited natural resources, sustainability has emerged as a critical issue that must be integrated into local economic activities, including MSMEs. The Sustainable Development Goals (SDGs), introduced by the United Nations in 2015, provide a strategic framework for global development, including the promotion of sustainable local markets and business practices (Naimi et al., 2023)

RW 8 in Kedurus Subdistrict, Surabaya, is an area with significant local economic potential, driven by various MSME activities such as processed food production, handicrafts, and home-based services. Despite this potential, MSME development in the area faces several challenges, including limited market access, low environmental awareness in business practices, and insufficient understanding of sustainability principles. Consequently, many MSMEs continue to operate using conventional approaches without considering long-term environmental, social, and economic impacts (Miotto et al., 2020).

The SDGs emphasize the importance of integrating inclusive economic growth (SDG 8), responsible consumption and production (SDG 12), climate action (SDG 13), and partnerships among stakeholders (SDG 17). Therefore, strengthening MSME capacity to develop SDG-based market strategies is both relevant and urgent. Through this approach, MSMEs are encouraged not only to pursue profit but also to align their business activities with sustainable development principles (Putri et al., 2020).

Based on preliminary observations and discussions with local stakeholders, approximately 25–30 MSMEs operate in RW 8 Kedurus, covering sectors such as food processing, handicrafts, laundry services, and other informal businesses. However, several structural and cultural challenges hinder their sustainable growth. First, marketing practices remain largely conventional, relying on local networks and word-of-mouth promotion, with minimal utilization of digital platforms. This limits market reach and reduces product competitiveness in the digital era (Putri et al., 2020).

Second, most MSME actors have limited awareness of sustainability practices. Issues such as the use of non-environmentally friendly materials, inadequate waste management, and unsustainable packaging are still prevalent. This reflects a lack of alignment with SDG 12 (Responsible Consumption and Production) and SDG 13 (Climate Action). Third, from a managerial perspective, financial record-keeping remains weak and unstructured, making it difficult for business actors to assess performance and access formal financial institutions. This issue is closely related to SDG 8 (Decent Work and Economic Growth) and SDG 9 (Industry, Innovation, and Infrastructure) (Almulhim, 2020).

Additionally, low levels of digital and financial literacy further constrain MSMEs' ability to adapt to technological changes and market dynamics, particularly in the post-pandemic era. Limited access to training and mentoring

programs also exacerbates these challenges, as many MSME actors lack the resources and opportunities to improve their skills and knowledge.

In response to these issues, this community engagement program aims to provide education, training, and assistance to MSMEs in RW 8 Kedurus in developing SDG-based market strategies. The program covers key aspects such as environmentally friendly production, halal certification and product hygiene, digital marketing based on social and environmental values, and transparent financial management. Through this integrated approach, the program seeks to establish an inclusive, competitive, and sustainable local market ecosystem.

By fostering collaboration among academics, MSME actors, local government, and the community, the development of an SDG-based market in Kedurus is expected not only to empower the local economy but also to contribute meaningfully to the achievement of global sustainable development goals at the community level.

IMPLEMENTATION AND METHODS

This community engagement program adopted a participatory and capacity-building approach to empower MSMEs in RW 8 Kedurus, Surabaya, in developing SDGs-based market strategies. A participatory approach was selected to actively involve MSME actors and local stakeholders in identifying problems and implementing solutions, ensuring that the program remained relevant to community needs (Robert Chambers, 1994). In addition, the program applied principles of community empowerment, emphasizing skill development, knowledge transfer, and sustainability of outcomes (Julian Rappaport, 1987). The implementation began with a preliminary assessment stage, conducted through field observations, semi-structured interviews, and discussions with MSME actors and local leaders. This stage aimed to identify key issues such as limited market access, low awareness of sustainable business practices, and inadequate financial management. Needs assessment is essential in community-based programs to ensure that interventions are evidence-based and context-specific (Michael Quinn Patton, 2008) (Degbedji et al., 2024).

Based on the findings, the program was then designed to address the identified challenges through an integrated framework focusing on environmentally friendly production, digital marketing, product certification and hygiene, and financial literacy. The training phase was conducted using interactive methods such as workshops, group discussions, and practical exercises to enhance participants' knowledge and skills. Experiential learning theory suggests that active participation and hands-on practice significantly improve learning outcomes (David A. Kolb, 1984). Following the training sessions, a mentoring and assistance phase was carried out to ensure the practical application of the acquired knowledge. MSMEs received continuous guidance in improving product packaging, utilizing digital platforms for marketing, and maintaining structured financial records. Mentoring is considered an effective strategy for bridging the gap between theory and practice in community development programs (Kathy E. Kram, 1985). Finally, monitoring and evaluation were conducted to assess the effectiveness of the program. This stage focused on measuring improvements in participants' understanding, behavioral

changes, and business practices. Feedback from participants was also collected to refine future interventions. Evaluation plays a critical role in determining program impact and ensuring accountability in community engagement initiatives (Carol H. Weiss, 1998). Through this systematic and participatory process, the program aimed to establish a sustainable, inclusive, and SDGs-oriented market ecosystem for MSMEs in RW 8

RESULTS

The implementation of the community service program targeting micro, small, and medium enterprises (MSMEs) in Kedurus was carried out effectively through a participatory and interactive approach. The activity was conducted in a group discussion format, where participants and facilitators engaged in direct dialogue within an inclusive and informal setting. This method created a conducive learning environment, enabling participants to express their experiences, challenges, and expectations openly.



Figure 1. Community discussion.



Figure 2. The atmosphere of the discussion with the participants.

The participants, consisting of local MSME actors with diverse business backgrounds, demonstrated a strong level of enthusiasm and engagement throughout the program. The discussion revealed that most participants had been managing their businesses based on practical experience rather than formal knowledge, particularly in the areas of financial management and marketing. Prior to the intervention, many participants lacked an understanding of

systematic bookkeeping practices, resulting in difficulties in tracking income, expenses, and overall business performance.

During the session, facilitators introduced fundamental concepts of financial literacy, including the importance of separating personal and business finances, maintaining daily transaction records, and understanding basic financial statements. The results showed a noticeable improvement in participants' comprehension of these concepts. Several participants were able to simulate simple bookkeeping practices and demonstrated an initial ability to record transactions in a structured manner (Winarsih et al., 2022).

In addition to financial management, the program also addressed marketing strategies, particularly the importance of adapting to digital platforms. Participants were introduced to basic digital marketing concepts, such as the use of social media for product promotion and customer engagement. Although the level of digital literacy varied among participants, the session succeeded in increasing awareness of the potential benefits of digital tools in expanding market reach.

Furthermore, the program fostered a collaborative learning atmosphere among participants. Through group discussions, participants exchanged practical insights and shared solutions to common business challenges. This peer-to-peer interaction not only enriched the learning process but also strengthened social networks within the community. The emergence of mutual support among MSME actors is considered an important outcome, as it may contribute to long-term sustainability and resilience.

DISCUSSION

The findings of this community service program highlight the effectiveness of participatory learning methods in enhancing the knowledge and capacity of MSME actors. The use of interactive discussions allowed participants to actively engage in the learning process, which is consistent with adult learning theories emphasizing experiential and collaborative learning. By positioning participants as both learners and contributors, the program succeeded in creating a more meaningful and contextually relevant educational experience.

The improvement in financial literacy observed among participants underscores the critical role of financial management in MSME sustainability. Many small business owners tend to overlook the importance of proper financial recording, which can lead to poor decision-making and limited business growth. The introduction of basic accounting practices in this program provided participants with practical tools to better manage their financial resources. This finding is in line with previous studies indicating that financial literacy significantly influences business performance and long-term viability.

Moreover, the program's focus on digital marketing reflects the growing importance of technology adoption in the MSME sector. In an increasingly competitive business environment, the ability to utilize digital platforms is essential for expanding market access and increasing competitiveness. Although some participants initially faced challenges in understanding digital tools, the program successfully raised awareness and motivated them to explore new

marketing strategies. This suggests that gradual and continuous exposure to digital concepts is necessary to facilitate technology adoption among MSMEs.

Another important aspect highlighted in this program is the role of social interaction and community support in fostering business development. The collaborative discussions enabled participants to learn from each other's experiences, thereby enhancing problem-solving capabilities. This peer learning approach is particularly effective in community-based programs, as it leverages local knowledge and strengthens collective capacity.

Despite these positive outcomes, several challenges were identified during the discussion. Participants reported constraints such as limited access to technology, lack of time to maintain consistent financial records, and difficulties in adapting to new business practices. These challenges indicate that one-time interventions may not be sufficient to produce sustained behavioral change. Therefore, continuous mentoring and follow-up programs are essential to reinforce the knowledge gained and ensure its practical application.

In addition, the diversity in participants' educational backgrounds and business experiences suggests the need for more tailored training approaches. Future programs should consider adopting differentiated learning strategies to accommodate varying levels of understanding and capability among MSME actors. Providing hands-on training sessions and practical demonstrations may further enhance learning outcomes.

In conclusion, the community service program has demonstrated a significant positive impact on improving the knowledge, awareness, and collaborative capacity of MSME actors in Kedurus. The participatory approach proved to be effective in addressing real-world challenges faced by participants. However, to achieve long-term sustainability and greater impact, it is necessary to implement continuous assistance programs focusing on advanced financial management, digital transformation, and business development strategies. Such efforts will contribute to strengthening the competitiveness and resilience of MSMEs in the evolving economic landscape.

CONCLUSION

This community service program has demonstrated a meaningful contribution to enhancing the capacity of micro, small, and medium enterprise (MSME) actors in Kedurus through a participatory and interactive learning approach. The findings indicate that the program successfully improved participants' understanding of fundamental financial management practices, including basic bookkeeping, transaction recording, and the importance of separating personal and business finances. In addition, the introduction to digital marketing strategies increased participants' awareness of the potential benefits of utilizing technology to expand their market reach.

The participatory discussion method proved to be effective in fostering active engagement, knowledge sharing, and collaborative learning among participants. This approach enabled MSME actors to not only gain new knowledge from facilitators but also learn from each other's experiences, thereby creating a supportive learning environment. As a result, the program contributed not only to

individual capacity building but also to strengthening social networks within the community.

However, despite these positive outcomes, several challenges remain, including limited digital literacy, inconsistent financial recording practices, and constraints in accessing technological resources. These challenges highlight the need for sustained intervention to ensure that the knowledge gained is effectively implemented and maintained over time.

Overall, the program has shown that community-based empowerment initiatives, when delivered through participatory methods, can significantly improve the knowledge and readiness of MSME actors to manage and develop their businesses more effectively.

RECOMMENDATIONS

Based on the findings of this program, several recommendations can be proposed to enhance the effectiveness and sustainability of future community service initiatives:

1. **Continuous Mentoring and Assistance** It is recommended that follow-up programs be conducted to provide continuous guidance and supervision for MSME actors. Regular mentoring sessions can help ensure that participants consistently apply financial management practices and gradually improve their business performance.
2. **Advanced Financial Management Training** Future programs should include more comprehensive training on financial management, such as preparing financial statements, budgeting, and financial analysis. This will enable MSME actors to make more strategic and informed business decisions.
3. **Digital Literacy and Marketing Development.** Given the importance of digital transformation, it is essential to provide more intensive training on digital tools and platforms, including social media marketing, e-commerce, and online customer engagement strategies. Practical, hands-on training sessions will be particularly beneficial.
4. **Customized Training Approaches.** Considering the diversity in participants' educational backgrounds and business experiences, training materials and methods should be tailored to meet different levels of understanding. This can improve learning effectiveness and ensure that all participants benefit equally from the program.
5. **Collaboration with Stakeholders.** It is recommended to strengthen collaboration with local government, academic institutions, and private sector partners to provide broader support, including access to funding, technology, and business development resources.
6. **Monitoring and Evaluation Mechanism.** Establishing a structured monitoring and evaluation system is crucial to assess the long-term impact of the program. This will help identify areas for improvement and ensure the sustainability of the outcomes.

In conclusion, future initiatives should focus on sustainability, practical application, and continuous support to maximize the impact of community empowerment programs for MSMEs.

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