ANALYSIS OF CHALLENGES AND POTENTIAL FOR VILLAGE ECONOMIC EQUITY THROUGH MSMES IN TULUNGAGUNG REGENCY

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ABSTRACT
This study aims to analyze and describe various challenges and potentials in village economic equality. Based on the facts exposed, the condition of the village is still lagging behind, so it is necessary for the economic empowerment of the MSME community to be proven to contribute to the Indonesian economy. The condition of the village is still lagging behind, so it is necessary to empower the community's economy. MSMEs have an important role in national development, namely employment, income distribution, rural economic development. However, in addition to the various obstacles that arise, there is a potential that creates opportunities to achieve economic equality in the village in accordance with the 17 goals of the SDGs. The research method applied in this research is the qualitative method of content analysis regarding the equitable distribution of the village economy. Data analysis using Nvivo 12 Plus. The results of the study reveal that the potential for village economic equality includes various aspects, namely the support of the central government, SDGs program, participation, technology and information support and natural resources with the highest rating, namely the support of the central government with a figure of 67.07%. The results show that they contribute to the formulation and development of science, especially government science related to the development of village SDGs, especially regarding the challenges and potential for equitable distribution of the village economy.

Keywords: Challenges, Potentials, Economic Equity, SDGs, MSMEs

A. INTRODUCTION
The main condition for economic development is that the growth process must rely on the capacity of the domestic economy (Santika et al., 2018). Completion of the Millennium Development Goals (MDGs) into Sustainable Development Goals (SDGs) began after 2015. Indonesia as one of the potential
developing countries in Southeast Asia (Sudagung et al., 2016) which certainly adapts to these conditions. Previously, the achievement of the MDGs in Indonesia could be said to be good in several SDGs indicators containing 17 Goals and 169 Targets which are expected to be achieved by 2030. One of the SDGs programs contained in point eight which describes equitable village economic growth. Economic equity is a way for a country to improve the standard of living and welfare of its people.

Economic development is carried out in a sustainable and planned manner in order to create better conditions than before. The program that should be carried out by a country is the development of Micro, Small and Medium Enterprises (MSMEs) which can also be used as programs to achieve community welfare. Micro, Small and Medium Enterprises (MSMEs) are business activities that are able to expand employment opportunities and provide broad economic services to the community and can play a role in the process of equity and increase people's income, encourage economic growth, and play a role in realizing national stability. In the end, the implementation of village equity should actively involve all people and all elements who jointly make changes in all fields in order to overcome and respond to various problems of life and development. In accordance with the vision of Tulungagung Regency, namely "The Realization of Community Welfare through Ingandaya Development (Industry, Food, and Culture)" which can be used as the basis for development that prioritizes awareness of the potential possessed by Tulungagung Regency.

In order to be tested and proven true, it is necessary to put forward the writings in scientific works that have existed before. After being tested objectively, there are several scientific studies that have been put forward by the author, including: The journal compiled by his subordinates in empowering MSMEs, the Tulungagung district trade office has made efforts to improve the welfare of the community. This is considered important because MSMEs in Indonesia have a positive impact. In another study, the actor conducted research related to the development of MSME growth in Indonesia. Some literature is referred to solve the problems that occur and the use of secondary data is obtained from related agencies such as: BPS, BI and the Ministry of Cooperatives and SMEs. Weaknesses faced by MSMEs in improving their business capabilities are very complex and include various indicators, one of which is interrelated with each other, among others; lack of capital both in quantity and source, lack of managerial ability and operating skills in organizing and limited marketing. In addition to these things, there is also unfair competition and economic pressure, resulting in a narrow and limited scope of business. This concern is based on the fact that Indonesia will face the MEA and the free market. When this is implemented, the demand is that MSMEs must be able to compete. However, all of these problems can be resolved with several policies that open up opportunities for MSMEs to be able to easily access the banking industry. Weaknesses faced by MSMEs in improving their business capabilities are very complex and include various indicators, one of which is interrelated with each other, among others; lack of capital both in quantity and source, lack of managerial ability and operating skills in organizing and limited marketing. In addition to these things,
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Although previous research has explained a lot about the SDGs, Equity in the Village Economy through MSMEs, but not many previous studies have focused on research on challenges and potentials. Therefore, this study focuses on studies on the challenges and potentials of village economic equity, because based on the facts seen so far, there are still various obstacles in economic equality, the presence of the covid 19 virus, competition for MSME programs, regulations and bureaucracy. With 17 goals from the SDGs. Indonesia needs to pay attention to the goals that are still lagging behind and adjust to the goals of sustainable global development, economic equity, especially in disadvantaged villages. This research study leads to efforts to answer research questions, namely "What is the process to achieve the SDGs goal of Economic Equity". The research method used is a qualitative method of content analysis with Nvivo 12 Plus Data Analysis Software.

B. LITERATURE REVIEW
SDGs Concept of Village Economic Equity

Indonesia as one of the countries that have agreed on the implementation of the sustainable development goals (SDGs) is committed to the successful implementation of the SDGs through various activities and has taken strategic steps. A number of steps that have been taken by Indonesia until the end of 2016 include (i) mapping between SDGs goals and targets with national development priorities, (ii) mapping the availability of SDGs data and indicators for each target and goal including proxy indicators, (iii) conducting preparation of operational definitions for each SDGs indicator, (iv) drafting presidential regulations related to the implementation of sustainable development goals, and (v) preparing national action plans and regional action plans related to SDGs implementation in Indonesia (Schwan, 2019). The history of sustainable development was first introduced for social purposes at the first United Nations (UN) conference on the environment in Stockholm, Sweden in 1972. (Mereyana, Agus, & Ihwan, 2021).

The economic potential of the village is one of the most important things in an effort to improve the quality of the economy in all corners of Indonesia. More
or less in the last ten years the central government has been aggressively boosting
the regional economy. Improving the welfare of rural communities is in line with
one of the seventeen collective agreements in the Sustainable Development Goals
(SDGs) in 2015, namely eradicating poverty in all its forms everywhere
(Wanasari, 2021). Objectives Village development has an important role in the
context of national development. This village development does not only talk
about physical development, but also non-physical development that really needs
to be considered in the context of development. The human resource factor is the
main capital in the implementation of development, especially development in the
village. Village community development must be improved and improved to
support village development. The formation of the character of the village
community can be done by holding the development of its own human resource
capabilities (Onainor, 2019).

The idea of sustainable economic equity is an innovation and development
breakthrough that was initially only short-term into long-term development. The
most common definition of sustainable economic equity is development that is
oriented towards meeting the needs of the current generation by optimizing the
use of resources (Judge, 2020).

**Previous Research**

Economic equity is closely related to the economic aspect to increase
economic growth, especially in dealing with poverty, because currently in
Indonesia poverty is the main focus in improving people's economic conditions.
Many government policies have been carried out to achieve this goal, especially
to reduce poverty levels. Thus, equity can be one solution to the problems that
exist in Indonesia today. In general, sustainability is defined as continuing without
lessening, which means continuing activities without reducing (Hapsoro & Wake,
2020). From a macro approach through government policies, the OECD3 Report
states that in order to assist MSMEs today and pave the way for a resilient
recovery, the government should consider at least three important actions, namely
First, the government should announce the sunset article of the current economic
and business support measures, and progressively adopting more focused support
strategies for recovery (Thaha, 2020). The micro, small and medium enterprise
(MSME) sector has proven to be resilient and able to develop with the economic
downturn. This is an empowerment strategy that has tremendous potential for the
welfare of the community (Zulfikar, 2021).

Sustainability, in economic terms, is understood as the economy's ability to
maintain itself and continue to operate without jeopardizing over time the very
purpose of its existence: managing resources from nature and for people. It refers
to practices that sustain long-term economic growth without adversely impacting
environmental, social and cultural aspects of community. Since markets have
historically failed to protect the environment, the balancing of economic interests
and ecological interests remains a challenge (van Niekerk, 2020).

Efforts to improve the standard of living of a nation which is often measured
by the high and low income per capita. Economic equity as a process that includes
changes in structure, attitude to life, institutions, in addition to increasing
economic growth, reducing inequality in income distribution and eradicating
poverty (Hidayat et al., 2021).

**Research Framework**

Economic equity in the village has a very important and strategic role in the framework of National Development and Regional Development, because it contains elements of equitable distribution of development and its results and directly touches the interests of the majority of people who live in rural areas in an effort to improve their welfare. With careful cooperation from various elements, there will be opportunities to realize the expected output. In village economic equality, village government is domiciled as a subsystem of the government administration system in Indonesia, so that villages have the authority, duties and obligations to regulate and manage the interests of the community, or known as regional autonomy.

Economic equity by prioritizing the interests of people living in rural areas and balanced with the potential for existing innovations to have a positive impact on economic equity in the future, it is certain that Indonesia will become a country that can alleviate poverty and become a country that has advanced civilization. Micro, Small and Medium Enterprises (MSMEs) are business activities that are able to expand employment opportunities and provide broad economic services to the community and can play a role in the process of equity and increase people's income, encourage economic growth, and play a role in realizing national stability.

**C. METHOD**

This study uses a qualitative method of content analysis with the Nvivo 12 Plus Data Analysis Software. This method is an arrangement of various activities that are closely related to the collection of library data through the process of reading, taking notes, and then processing data using Nvivo 12 Plus which can be used for research related to the problems raised, where the reference source that the author will use comes from from journal articles and official websites. The qualitative approach is the approach that the author uses in this paper. This approach processes data starting from the stages of reducing, presenting, then verifying and concluding the data. This approach does not use a systematic calculation.

The implementation of this research was carried out through various stages of research:

a. Preliminary Stage; the implementation of the research begins with a search for literature or literature related to the research to be carried out. This library is in the form of previous research that has been carried out and the theoretical basis that can support the research.

b. Stage of Problem Determination and Goals; at this stage, determine the problem that is the main discussion in the research and the boundaries of the problem that aim to focus the scope of the research, and determine the purpose of the research.

c. Data Collection Stage; this stage is carried out by studying literature or by reviewing various official documents or journals that are relevant to the theme and research topic, so that various documents related to the SDGs of Economic
Equity are needed.

The stages of data analysis in this study are used to evaluate the data that is being carried out based on the research materials that have been collected. The results of the evaluation will determine what improvements and designs are needed regarding the SDGs for Economic Equity. The next step is to discuss improvements and design challenges and potentials that will become the main topic of discussion. This improvement and design stage is carried out so that the suitability of its application to the development of economic equity can increase. The application used in this study in processing data is the Nvivo 12 Plus Analysis Software.

D. EXPLANATION
Potential for village economic equality

Economic growth accompanied by economic equality is the main target of the SDGs, village economic equality is influenced by several factors. The influencing factors include Natural Resources, Central Government Support, Technology and Information Support, Village Autonomy, Participation, SDGs Program. Figure 1 shows that participation has a very high subordinate position. The participation of each element is needed in determining policies and decisions and is often discussed because it can be seen that the influence of this participation is so great. goes well. The second factor that becomes the potential for economic equality is the support of the central government, while the rest is filled by natural resources, technology and information support, village autonomy, and the SDGs program.

Figure 1: Village Economic Growth Potential Equitable

![Figure 1: Village Economic Growth Potential Equitable](image)

Source: Data processed by the author, 2021

Figure 1 above shows that the support of the central government is a potential factor for equitable distribution of the village economy. This can be seen from the size of the column space above where the support of the central
government has led to innovations related to programs and is followed by information and communication technology considering that a big umbrella of terminology that covers all equipment technical to process and convey information so that it runs properly.

The results from the table above also show that the available natural resources also have an effect on fulfilling village economic equality, while the SDGs program itself has an effect but is not too significant. This is closely related to the village economic equality potential which is shown in Figure 2 below.

**Figure 2: Graph of the relationship between actors and the potential for economic equality**

*Source: Data processed by the author, 2021*

Based on the graphic above, the potential support from the central government occupies the main position with a total of 67.08%. Entrepreneurs occupy the actor who plays the second largest role with a percentage of 60.12%. This shows that the potential for support from the central government is very large in the process of economic equity. Meanwhile, from the observer side 50.79% and NGOs 60.94% in this case all actors are involved.

Figure 2 shows that economic equity through technology and information support Entrepreneurs have the highest percentage with 77.44% then the government with 62.73% this shows that technology and information support is closely related to entrepreneurs so that village economic equality can run properly but at In the graph above, observers do not participate in the potential for equal distribution of the village economy. One of the reasons that can be explained is the lack of observers in supporting technology and information to equalize the village economy because observers are more oriented towards other matters.
Furthermore, the potential for economic equity through village autonomy. The government as an actor who plays a major role in processes related to economic equity through village autonomy is 77.44% while for NGOs 64.28% and 62.69% for the authorities, in this case, observers do not participate. This shows that in order to carry out an even distribution of the village economy, the participation of the three elements is very much needed. Then the potential for village economic growth through participation involving all major actors, the government percent is 62.38%, slightly different from entrepreneurs who reach 62.03%, this shows that village economic growth is going well because all actors are involved.

In the SDGs program, it can be seen that the government has the largest role of 61.70% while natural resources are mostly processed by entrepreneurs and the potential government in economic equality is basically interrelated, the interrelationships between sub-factors in the potential for village equity can be seen in Figure 3.

**Figure 3: Cluster analysis of potential economic equity**

![Cluster analysis of potential economic equity](image)

The result of the cluster analysis of the potential for village economic growth is that each sub-factor of the potential for economic equity is interrelated. Interrelated sub-factors in the potential for economic equity are central government support, village autonomy, participation, programs, regulations, SDGs, and Natural Resources (SDA). However, although all are interrelated, each subfactor has differences in its relationship.

Based on the picture above, the results can be obtained in the form of numbers as follows. First, the relationship between the potential for village economic equality and government support has the greatest relationship with the values listed as 0.51, 0.71, 0.74, 0.80, 0.90. Central government support has the greatest correlation with participation and support from Information Technology, the values that appear in the cluster analysis are 0.90 and 0.80. Next is the link between participation and support from the central government, and village autonomy, as shown in Figure 3, the connecting line is also thicker than the other.
potentials.

Second, the relationship between technology support and other potentials. Technology and information support has the greatest relationship with natural resource programs, participation, government support, autoda and SDGs programs. The values obtained from the analysis are 0.80, 0.76, 0.57, 0.46 of the three values, the lowest is the relationship between technology and information support and the SDGs program which scores 0.46.

Third, Natural Resources The greatest natural resource relationship is found in participation, technology and information support, autonomy, central government support and the lowest is the SDGs program with numbers 0.86, 0.80, 0.72, 0.71, 0.49 these values indicate that in terms of natural resources to realize village economic equality, it depends on participation, then the lowest relationship is natural resources with the progress of the SDGs which scores 0.49.

Fourth, linkages between Village Autonomy and other potentials. The greatest relationship of village autonomy is found in government support, participation, natural resources, technology and information support, SDGs programs with findings of 0.93, 0.79, 0.72, 0.68, 0.49. These values This shows that basically village autonomy will work well if government support participates and the lowest relationship is village autonomy with the SDGs program which scores 0.49.

Fifth, SDGs program relations The SDGs program was greatest in the support of the central government, participation, village autonomy, natural resources, information technology support with the findings of the numbers 0.84, 0.51, 0.50 0.49, 0.47 the most The lowest score is between the SDGs program and technology support, with a value of 0.47, this value indicates that the existing SDGs program depends on the support of the central government.

The Challenge of Village Economic Equity

One of the gaps in the economic sector, among others, is the unequal distribution of economic power in each region, the process of equity, especially in the village, it turns out that it is not supposed to run well. Several challenges exist that hinder the process of equitable distribution of the village economy. The challenges that were present included: MSME Program, Participation, Inadequate Infrastructure, Bureaucracy, Culture, Regulation, The presence of the covid 19 virus.

Figure 4 shows the bottom line. The presence of the Covid 19 virus is a major challenge in economic equity through the MSME program. The affected economic sectors are not only felt domestically, but also spread globally. business actors from MSMEs who are experiencing pressure due to the Covid-19 pandemic, MSME conditions will continue to decline from production capacity to decreased income due to the Covid-19 pandemic, so that economic equity, especially in villages, is inadequate.
The competition for the MSME program is the second challenge in village economic equity. To anticipate the competition for MSME programs in order to equalize the economy in the village, it is necessary to have guidance from the competent offices, one of which is DINKOP, so that new innovations can be created that can make MSMEs grow so that economic equity, especially in villages, is resolved by good. The chart above shows that the MSME program and participation have the same large column. MSME programs and participation are challenges in the process of economic equity. It can be seen that the success of village equity through the MSME participation program is very much needed.

Figure 4 also shows that regulations and bureaucracy are also challenges in the equitable distribution of the village economy. This can be seen from the bottom line that regulations and bureaucracies still tend to be convoluted so that they can hinder the process of economic equity. The next challenge is inadequate infrastructure, the role of village equity cannot be separated from the availability of infrastructure.

Culture is also a challenge in equitable distribution of the village economy, understanding negative cultures that have emerged in the bureaucratic process is a challenge in itself. Similar to the potential in village economic equality, the challenges of economic equality have also been related to various actors. The link or relationship between actors and the challenges of village economic equality is presented in Figure 5 below.
The challenge of economic equality in terms of bureaucracy is found by entrepreneurs compared to other actors, as a supporter of this can be seen from the graph above with a percentage of 66.50% while the other actors have the percentage value below. The next challenge on culture was found by entrepreneurs as much as 62.37%.

Inadequate infrastructure is one of the challenges that becomes the focus of village economic equity issues that must be resolved immediately. Therefore, based on the graph, entrepreneurs and the government play an important role in handling these cases with the written percentage being 63.90% and 55.83%, this shows Entrepreneurs and the government have a bigger role to play in overcoming the challenges of economic equity. The next challenge, in this case, the participation of the government and businessmen also play a major role in overcoming the challenges as shown in the graph with the numbers 59.90% and 51.71%.

Regulation seems to be one of the challenges that become the focus of problems that must be resolved in economic equity. Therefore, regulation is also one of the challenges involving the government and entrepreneurs with the same percentage rate, namely 61.80% regulation is basically the authority of the government.

The next challenge is the presence of the covid 19 virus. With the Covid-19 pandemic still not over, village equity is facing a very serious challenge. The presence of the covid 19 virus involves NGOs, the government and entrepreneurs
participate with the percentage of NGOs being 55, 87%, 59, 17% for the figures for entrepreneurs and the government are equal. This means that the government and entrepreneurs involve NGOs so that the challenges that arise can be studied more deeply. Furthermore, the challenge of economic equality through cultural matters was found by the entrepreneur column with the figure of 61.37% this can be seen from the graph as a supporting indicator while other parties are not involved in this matter, it shows that in carrying out the village economic equality the government, NGOs and entrepreneurs are not going well because the actor is not involved.

Figure 6: The interrelationships between the challenges of economic equity

The results of the cluster analysis of the challenges of economic equity are that each subfactor of the challenge of village economic equity is interrelated. Interrelated subfactors in the challenge of village economic equity are the presence of the covid virus, competition for MSME programs, participation, culture, regulation, inadequate infrastructure, bureaucracy but even though all are interconnected but each subfactor has differences and the closeness of the relationship or commonly referred to as the relationship.

Based on Figure 6, the results (in the form of numbers) can be obtained as follows. First, the relationship between the challenges of economic equity and the presence of the covid virus that hit Indonesia. The presence of the covid 19 virus has the greatest relationship with the MSME program, participation, culture in the local village, inadequate infrastructure, regulations and bureaucracy, the values
that appear are 0.72, 0.63, 0.54, 0.19, 0, 16, 0.16 this shows that the closest relationship is between participation.

Second linkages between the MSME program and other hand challenges. MSME program competition has the greatest relationship with regulation, with the emergence of the covid 19 virus, culture, participation, inadequate infrastructure, bureaucracy with values obtained from the analysis results of 0.68, 0.63, 0.62, 0.61, 0.36, 0.32 . The lowest relationship is between inadequate infrastructure and the MSME program, which is 0.32. Third participation. Participation has the closest relationship with the MSME program with a value obtained from the analysis results of 0.77 and the lowest is in the relationship between participation and regulation, namely 0.30.

Fourth culture. Culture has a very big relationship with the MSME program, participation, regulation, the presence of the covid 19 virus, infrastructure, bureaucracy with numbers listed as 0.63, 0.62, 0.54, 0.52, 0.40, 0.32 further the lowest correlation is the relationship between culture and bureaucracy with a figure of 0.32 . The fifth regulation is the relationship between regulation and other challenges, regulation has the greatest relationship with the presence of the covid 19 virus with a number of 0.61 while the relationship with infrastructure is the lowest at 0.22.

The findings of this study are an analysis of the challenges and potential for equitable distribution of the village economy through MSMEs in Tulungagung District was identified through factors consisting of: Mapping the potential for village economic equality and the Challenges of Village Economic Equity.

E. CONCLUSION

Based on the results of the presentation regarding the Potential and Challenges related to village economic equality it is necessary to apply economic equality in order to realize community development and welfare. The real form of economic equity is in the form of support for micro, small and medium enterprises (MSMEs), so that the products of MSMEs are not only marketed in the local market but also outside the region and are growing. Especially if it is supported by the use of information technology, adequate infrastructure in each village. And not only from the government, but participation from the community and support from the government can open new paths for people who want to be entrepreneurs from small to medium businesses. The emergence of community participation raises new businesses or develops existing businesses and creates new job opportunities for the community. but the process for equalizing the village economy is not easy, because of the facts on the ground that inhibiting factors are still found, one of which is knowledge, which is an obstacle in the course of empowerment, because there are some residents who are still technologically stumped to know about modern entrepreneurship systems that are easier and more efficient. This causes economic equity to be difficult to make the village communities involved dare to innovate to adapt to current developments.

The results of this study are expected to contribute information as a basis for consideration, support, and contribution of ideas to decision makers in an effort to increase village income and economic equity. The information and knowledge
obtained here is expected to give more attention to the potential and challenges faced in the equitable distribution of the village economy through MSMEs in order to facilitate and accelerate the community in obtaining knowledge.

REFERENCE


