



## Increasing the Competitiveness of Global MSMEs Amid Inflation Rate 2024-2025: Government Policy of the Government of Indonesia

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### ABSTRACT

Rising global inflation in 2024-2025 poses significant challenges for Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. This study uses a qualitative method with literature analysis to explore government policies in increasing the competitiveness of MSMEs in the global market. The results of the study show that a comprehensive government strategy has had a positive impact on MSMEs in entering the international market. Cooperation between the government, MSME actors, and other stakeholders is urgently needed to create an ecosystem that supports the growth of MSMEs. The government needs to increase access to financing by providing credit programs that are affordable and easily accessible to MSMEs. In addition, support for the adoption of digital technologies, such as e-commerce and digital marketing, is crucial in expanding market reach. Training and skill development programs for MSME employees are also needed to improve the quality of human resources. Coordination between institutions must be improved to minimize inflation risks, as well as increase the transparency of inflation data to provide accurate information to the public. Sustainable and targeted policy implementation will maintain economic stability and encourage MSMEs to compete globally. Thus, the right government policies can strengthen the position of Indonesian MSMEs in the international market despite rising inflation.

## **INTRODUCTION**

The Indonesian government has a very important role in supporting Micro, Small, and Medium Enterprises (MSMEs) to enter the global market. MSMEs are an integral part of the country's macroeconomy, accounting for more than 60% of the Gross Domestic Product (GDP) and absorbing around 97% of the workforce. With the number of MSME actors reaching around 66 million in 2023 (Group, 2023), their contribution to the Indonesian economy cannot be ignored. In this context, a comprehensive strategy is needed to increase the competitiveness of MSMEs at the international level (Ateh et al., 2020).

One of the main focuses of the government's strategy is to increase access to financing for MSMEs. Better access to financing sources will allow MSME actors to develop their businesses and innovate. In addition, the development of human resource capabilities is also a priority, where employee training and skill development can improve the quality of products and services offered by MSMEs (Putri & Lataruva, 2024). This is important so that MSMEs can compete with foreign products that enter the domestic market.

Improving information flow and networks is also an important aspect in supporting MSMEs. With the right information and access to a wide business network, MSME actors can more easily understand the dynamics of the global market as well as the opportunities and challenges that exist. Building a strong foundation for Indonesian MSMEs to be able to compete in the global market is a strategic step that must be taken.

The current global economic landscape shows significant changes, especially with the development of digital technology. Digital technology opens up new opportunities for MSMEs to reach global markets and improve operational efficiency. Digitalization allows MSME players to market their products online and reach international consumers more effectively.

Global consumers are increasingly interested in eco-friendly, sustainable, and unique products (Astuti, 2019). This creates opportunities for Indonesian MSMEs to develop products that are in line with these trends. By utilizing the uniqueness of local culture and resources, MSMEs can create attractive added value for the international market.

However, challenges remain. Inflation data in Indonesia in 2024-2025 shows that there are economic pressures that can affect consumer purchasing power and production costs. Global inflation also has the potential to affect the price of raw materials and logistics for MSMEs. Therefore, it is important for the government to continue to monitor inflation conditions and formulate policies that can reduce its negative impact on the MSME sector.

In facing this challenge, collaboration between the government, MSME actors, and other stakeholders is urgently needed. Synergy between various parties will strengthen the supporting ecosystem for the growth of MSMEs (Heck & Mishra, 2008). Government support programs must be sustainable and improved in order to provide maximum benefits for business actors.

The importance of digital literacy also cannot be ignored in this context. MSME actors need to understand how to utilize information technology to improve their existence in cyberspace. Education on the use of e-commerce

platforms and social media will help them build their brands and reach consumers more broadly.

Bank Indonesia as one of the supporting institutions also plays an active role in encouraging digital transformation for MSMEs. Through various programs and initiatives, BI is committed to helping small businesses compete in the global market more effectively. This includes the provision of market information as well as support in terms of product promotion.

With all these efforts, the hope is that more Indonesian MSMEs will be able to penetrate the international market and contribute to overall national economic growth. Creating a business environment that is conducive to the development of MSMEs is an important step to achieve this goal.

Overall, the main enabler for MSMEs' success in the global market is their ability to adapt to market changes as well as innovation in products and services. The government must continue to evaluate existing policies to ensure that the support provided is really effective in increasing the competitiveness of MSMEs at the international level.

Thus, this study aims to further explore the government's strategy in supporting MSMEs to face inflation and other global challenges, as well as provide policy recommendations to increase their competitiveness sustainably in the global market.

## **THEORETICAL REVIEW**

Micro, Small, and Medium Enterprises (MSMEs) have a very important role in the Indonesian economy. According to data, MSMEs account for more than 60% of the Gross Domestic Product (GDP) and absorb around 97% of the country's workforce. This shows that MSMEs are not only a driving force for the economy, but also as a significant provider of employment, which helps reduce unemployment and poverty rates in the community.

Inflation is an economic phenomenon characterized by a general and continuous increase in the price of goods and services. Keynesian theory explains that inflation can occur when total aggregate expenditure exceeds a country's production capacity, causing prices to rise. In the context of MSMEs, inflation can affect operational costs and consumer purchasing power, thus negatively impacting the growth of these small businesses (Widyastuti & Prasetyo, 2018).

The Indonesian government has implemented various policies to support MSMEs in facing inflation challenges and competing in the global market. This strategy includes increased access to financing, skills training, and digital technology support. By increasing access to financing, MSME actors can develop their businesses more effectively and efficiently.

Access to financing is one of the key factors in the growth of MSMEs. Research shows that the better access to financing sources, the greater the opportunities for MSMEs to develop and innovate. Affordable and accessible credit programs are indispensable to help small businesses overcome financial challenges.

Human resource development through training and education is an important step to increase the productivity of MSMEs. Training programs

focused on technical and managerial skills can help MSME actors improve the quality of their products and services. This is very important so that they can compete with foreign products in the global market.

The development of digital technology opens up new opportunities for MSMEs to reach the global market. E-commerce, digital marketing, and the use of social media are becoming effective tools to promote products. By utilizing this technology, MSMEs can improve operational efficiency and expand their market reach. Global consumers are increasingly interested in environmentally friendly and sustainable products. This is an opportunity for Indonesian MSMEs to develop products that are in line with this trend. By utilizing local resources and cultural uniqueness, MSMEs can create added value that is attractive to international consumers (Paradise & Sari, 2022).

Rising global inflation in 2024-2025 can affect the cost of raw materials and logistics for MSMEs. These price increases have the potential to reduce the profit margins of small business actors. Therefore, it is important for the government to formulate policies that can reduce the negative impact of inflation on the MSME sector. Collaboration between the government, MSME actors, and other stakeholders is urgently needed to create a business ecosystem that supports the growth of MSMEs. Synergy between various parties will strengthen support for small business actors in facing economic challenges.

Sustainable and targeted policy implementation will help maintain national economic stability. The government needs to continue to monitor inflation conditions and formulate policies that are adaptive to changes in the global economy. This policy must include long-term support for the development of MSMEs to remain competitive in the international market. Inflation data in Indonesia in 2024-2025 shows that there are economic pressures that can affect consumer purchasing power. High inflation can reduce demand for MSME products, thus having an impact on the overall growth of this sector.

Research shows that inflation has a negative relationship with economic growth. Rising inflation can lead to a decrease in investment in the MSME sector, thereby hampering overall economic growth. Increasing the transparency of inflation data is very important to provide accurate information to the public and business actors. With the right information, MSME actors can make better business decisions in the face of price fluctuations.

Based on the analysis, policy recommendations must include increasing access to financing, human resource development, and digital technology support for MSMEs. In addition, the government needs to ensure that support programs are sustainable in order to have a long-term positive impact on the sector. Overall, the foundation of this theory shows that government support through appropriate policies is essential to improve the competitiveness of Indonesian MSMEs in the global market despite rising inflation. With a comprehensive strategy that involves various aspects such as financing, human resource development, and digital technology, it is hoped that MSMEs can contribute more to national economic growth.

Keynesian theory explains the relationship between inflation and economic growth through several key concepts that focus on aggregate demand

and the role of government in the economy. According to Keynes, inflation can occur as a result of an increase in aggregate demand that exceeds a country's production capacity. In this context, inflation is often thought of as the result of an "inflationary gap," where total demand exceeds total supply at a certain price level. When the government increases public spending by printing new money, the aggregate demand curve (AD) will shift to the right, leading to an increase in prices and output in the short term.

In the short term, Keynes argued that inflation could boost economic growth. When aggregate demand increases, companies will respond by increasing production to meet that demand. This can lead to increased output and job opportunities, which in turn contributes to economic growth. However, if inflation continues to increase without increasing productivity, the impact could be negative, causing a decrease in people's purchasing power and the potential for a recession.

Keynes also emphasized that inflation can be triggered by a variety of factors, including people's expectations of future price increases. If people expect prices to rise, they tend to spend their money faster, which will increase aggregate demand and drive inflation further. In this case, inflation is not only the result of monetary policy but also of consumer behavior and market expectations.

Keynesian theory emphasizes the importance of balance between the goods market and the money market. When the money supply increases, interest rates tend to fall, which encourages investment and consumption. This can increase aggregate demand and output in the short term. However, when the economy reaches full employment, the extra money no longer increases output but only causes inflation.

While in the short term inflation can support economic growth, in the long term this relationship can be negative. High inflation can disrupt economic stability and reduce investment attractiveness. When prices continue to rise without increasing productivity, this can lead to economic stagnation or even a recession. Keynes's theory suggests that the relationship between inflation and economic growth is complex and depends on many factors, including government policies and market expectations. In this context, it is important for policymakers to consider the short-term and long-term impacts of inflation on economic growth in order to formulate effective strategies to maintain economic stability.

Inflation and deflation are two opposite economic phenomena, each having a significant impact on a country's economy. Here are the main differences between inflation and deflation in the context of the modern economy (Sari & Rahman, 2021). Inflation is a general increase in the price of goods and services in an economy over a period of time. This leads to a decrease in the purchasing power of money, where consumers can buy fewer goods for the same amount of money. Deflation, on the other hand, is a general decline in the prices of goods and services. In these conditions, the purchasing power of money increases, allowing consumers to buy more goods for the same amount of money.

Inflation can be caused by a variety of factors, including demand-pull inflation, cost-push inflation, and loose monetary policy. For example, when the government prints more money, it can increase aggregate demand and push prices up. Deflation usually occurs when aggregate demand decreases significantly, production exceeds demand, or when the economy experiences a recession. This decline in demand can be caused by a variety of factors, such as reduced consumer spending or increased unemployment.

Moderate inflation can stimulate economic growth as it encourages consumers to spend their money faster before prices rise further. However, high inflation can reduce people's purchasing power and create economic uncertainty. Deflation is often a sign of a larger economic problem. Although the price of goods has become cheaper, prolonged deflation can cause consumers to postpone purchases in the hope that prices will continue to fall. This can slow down economic growth and increase the unemployment rate.

In inflationary conditions, the real value of debt tends to decrease. When prices rise, the amount of money to be paid to pay off the debt remains the same, but the real value of the debt decreases. On the contrary, in a deflationary situation, the real value of debt increases. This is because debtors have to repay their debts with more valuable money, so the debt burden becomes heavier.

The government and central banks are trying to control inflation and deflation through monetary policy. They can adjust interest rates and launch economic stimulus to address the impact of unwanted inflation or deflation. For example, to tackle high inflation, central banks may raise interest rates to reduce the money supply. Inflation and deflation are integral parts of the modern economic cycle. Understanding the differences between the two is crucial for policymakers and market participants to make the right decisions in the face of economic challenges. Inflation can stimulate growth if it remains within moderate limits, while deflation often indicates the existence of underlying problems in the economy that need to be addressed quickly.

## **METHODOLOGY**

This study uses a qualitative approach with a literature method to analyze government policies in increasing the competitiveness of Micro, Small, and Medium Enterprises (MSMEs) in the midst of inflation in 2024-2025. This research is descriptive analytical, which aims to understand and explain the phenomena that occur related to inflation and its impact on MSMEs. The main focus is on the government's strategy and its impact on the competitiveness of MSMEs in the global market.

The data used in this study are sourced from various literature, including journal articles, books, research reports, and official statistical data from the Central Statistics Agency (BPS) and other related institutions. These sources will provide comprehensive information on economic conditions, inflation, and the development of MSMEs in Indonesia. Data collection is carried out through literature studies by searching and collecting information from various relevant sources. The data collected will include:

- Inflation statistics in Indonesia and globally for the 2024-2025 period.
- Government policies related to support for MSMEs.
- Successful case studies of MSMEs that have successfully entered the global market.

Data analysis is carried out qualitatively by examining and interpreting information obtained from literature sources. This research will use a thematic analysis approach to identify the main patterns and themes that emerge from the data collected. The researcher will group the data based on categories such as access to financing, human resource development, digital technology support, and the impact of inflation on MSMEs.

To ensure the validity of the data, researchers will triangulate sources by comparing information from various literature and official reports. This aims to get a more accurate picture of the effect of inflation on MSMEs and the effectiveness of government policies. The results of the study will be presented in the form of a descriptive narrative that explains the main findings related to government policies in supporting MSMEs in the midst of inflation. In addition, the researcher will also provide recommendations based on the analysis carried out.

This research is expected to provide new insights into the relationship between inflation, government policies, and the competitiveness of MSMEs in the global market. Thus, the results of the study can be a reference for policymakers in formulating more effective strategies to support the growth of MSMEs in Indonesia.

## RESEARCH RESULTS

This study aims to analyze the challenges faced by Micro, Small, and Medium Enterprises (MSMEs) in entering the global market, as well as the role and strategy of the government in supporting the expansion of MSMEs. MSMEs face various challenges in entering the global market, including:

- **Fierce Competition:** MSMEs must compete with large companies that have more resources and more efficient production capabilities. This makes it difficult for MSMEs to offer products at competitive prices.
- **Limited Resources:** Many MSMEs experience limited capital, skilled labor, and technology, making it difficult to meet international quality standards.
- **Regulations and Policies:** Understanding international trade regulations and compliance with product standards is a major challenge for MSMEs. Minister of Finance Regulation (PMK) 177/PMK.04/2016: This policy provides import facilitation for small and medium industries (SMEs) through the Export Purpose Import Facility (KITE), which includes import duty exemption and VAT elimination for exported goods. It aims to lower production costs and increase the competitiveness of local products in the international market.

**Job Creation Law:** Through this Law, the government provides customs incentives for export-oriented MSMEs, including ease in importing raw materials. This is expected to improve the competence of MSMEs and facilitate access to the global market. **Export-Oriented People's Business Credit Program (KURBE):** This program provides financing for MSMEs at affordable interest rates, so that they can increase their production capacity and expand their market reach.

The Government of Indonesia plays an active role in encouraging MSMEs to enter the international market through:

- **Training and Assistance Programs:** The government provides training to increase the production and managerial capacity of MSMEs.
- **Tax Incentives:** Provide tax incentives for MSMEs involved in export activities to ease the cost burden.

The government seeks to increase access to financing for MSMEs through:

- **Micro Credit Program:** Provides credit programs with low interest rates and easier terms to help MSMEs get capital.
- **Cooperation with Financial Institutions:** Encourage cooperation between MSMEs and financial institutions to facilitate access to better sources of financing.
- **Export Clinic:** This program provides technical guidance to MSME players on how to enter the export market, including an understanding of international regulations and marketing strategies.
- **Provision of Exhibition Facilities:** The government provides a showroom to promote MSME products abroad, so that they can reach international consumers directly.
- **Collaboration with the Private Sector:** Encourage partnerships between MSMEs and large companies to increase competitiveness and access to a wider distribution network.
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The government also focuses on developing human resource capabilities through:

- **Skills Training:** Organizing technical and managerial skills training programs to improve the quality of the workforce in the MSME sector.
  - **Technology Support:** Encourage the adoption of digital technology to improve operational efficiency and product marketing.
- To increase competitiveness, the government seeks to:
- **Building Business Networks:** Encouraging collaboration between MSMEs and e-commerce and other digital platforms to expand distribution networks.
  - **Provision of Market Data:** Provides information on global market trends that can be accessed by MSME actors.

The government's strategies have shown a positive impact on the performance of MSMEs, including:

- Increased Exports: Many MSMEs have managed to increase their export volumes after receiving support from the government.
- Product Innovation: There is an encouragement to innovate in the products offered in order to compete in the international market.

Current global economic trends show an increasing demand for environmentally friendly and sustainable products. This provides opportunities for Indonesian MSMEs to develop these products in order to compete in the global market.

Key challenges include:

- Exchange Rate Fluctuations: Exchange rate volatility can affect the selling price of products in the international market.
- Logistics Problems: Limited logistics infrastructure is an obstacle to sending products abroad.

MSMEs need to focus on product innovation by:

- Using Local Raw Materials: Utilizing local resources to create unique products that have added value.
- Creative Product Design: Developing product designs that attract the attention of international consumers.

Digitalization is the key to expanding market reach for MSMEs, including the use of e-commerce platforms to sell products online. Collaboration between MSMEs is essential for sharing resources, knowledge, and market access. This can be done through associations or joint business groups. Increasing the capacity of human resources through education and training is essential to ensure that the workforce has the necessary skills to compete in the global market.

Government support in the form of access to financing is very important to help MSMEs overcome capital limitations, so that they can invest in the growth of their businesses. Some of the success factors include product innovation, effective marketing, and the ability to adapt to changes in the global market. Inflation can affect people's purchasing power, thus having an impact on demand for products from MSMEs.

### Inflation Projections and Inflation Targets for 2023–2025 in Indonesia and Globally

Year	Indonesia's Inflation (%)	Indonesia's Inflation Target (%)	Global Inflation (%)	Global Inflation Target (%)	Source
2023	4.0 - 5.0	3.0 - 5.0	7.0 - 8.0	2.5 - 3.0	Bank Indonesia, IMF, World Bank, BPS
2024	3.0 - 4.0	3.0 - 4.0	4.5 - 5.5	2.5 - 3.0	Bank Indonesia, IMF, World Bank, OECD

Year	Indonesia's Inflation (%)	Indonesia's Inflation Target (%)	Global Inflation (%)	Global Inflation Target (%)	Source
2025	2.5 - 3.0	2.5 - 3.0	3.0 - 3.5	2.5	Bank Indonesia, IMF, World Bank, OECD

2023: Indonesia's inflation is expected to be in the range of 4.0–5.0% in 2023, influenced by surging goods and energy prices, as well as post-pandemic supply chain disruptions. Although inflation tends to be higher, Bank Indonesia targets inflation in the range of 3.0-5.0% in 2023 to ensure price stability and people's purchasing power. 2024: Inflation is expected to decline to 3.0–4.0% in 2024, in line with more effective price control policies and economic recovery. The inflation target remains in the range of 3.0-4.0%. 2025: Indonesia's inflation is expected to be more stable in the range of 3.0–3.5%, with a more ambitious inflation target of 2.5–3.0%.

2023: Global inflation is expected to be very high, in the range of 7.0–8.0%, influenced by surging energy and commodity prices as well as global supply chain disruptions caused by the pandemic and geopolitical tensions. These inflation projections may vary between countries, but the global inflation target is in the range of 2.5–3.0% for the long term. 2024: Global inflation is expected to fall to 4.5–5.5% in 2024, although there are still pressures due to tight monetary policy by the world's major central banks. The global inflation target for this year is around 2.5–3.0%. 2025: Global inflation is expected to return to normal in the range of 3.0–3.5%, with the global inflation target being maintained at 2.5%, especially in developed countries such as the US and Europe.

The government has implemented strict monetary policy and subsidy programs to control inflation so that it does not negatively impact people's purchasing power and overall economic performance. Based on the current analysis, inflation is expected to stabilize in the government's target range of around 2.5% in 2025 if inflation control measures are implemented properly.

In today's digital era, the use of e-commerce is one of the important strategies to expand market access. Around 40% of MSMEs have used marketplace platforms to sell their products online, which has been proven to increase their income during the pandemic. The government encourages more MSMEs to utilize information technology in marketing their products in order to compete globally.

The success of these strategies not only has an impact on increasing the individual income of MSME actors but also on the national economy as a whole. With the increasing contribution of exports from the MSME sector, it is expected to strengthen Indonesia's position in the global economy and create new jobs. In the face of global challenges such as the economic recession due to the COVID-19 pandemic and geopolitical tensions, the existence of resilient MSMEs is the key to maintaining national economic stability. Therefore, continuous support from the government is essential to ensure that MSMEs can continue to grow and contribute to the Indonesian economy.

## DISCUSSION

The results of this study show that Micro, Small, and Medium Enterprises (MSMEs) in Indonesia face various challenges in entering the global market, but the government plays an important role in supporting their expansion. Various strategies implemented by the government, such as increasing access to financing, developing resource capabilities, and increasing access to information, have had a positive impact on the performance of MSMEs.

MSMEs in Indonesia face significant challenges when trying to enter the global market. According to (Simangunsong, 2020), these challenges stem not only from internal factors such as limited capital and human resources, but also from external factors such as fierce competition with large corporations and complex international trade regulations. Research by Winata (2019) emphasizes that although MSMEs have great potential to contribute to international trade, they are often hampered by a lack of knowledge about global markets and the ability to adapt to changing consumer demands.

The Indonesian government has taken steps to support MSMEs to compete in the global market. The policies issued include training programs, tax incentives, and financial support. According to (Pambudi & Santoso, 2019), this support is important to increase the competitiveness of MSMEs in the midst of existing challenges. In addition, collaboration between the government and the private sector is also needed to create an ecosystem that supports the growth of MSMEs.

One of the government's main strategies is to increase access to financing for MSMEs. Research shows that better access to credit can drive the growth of MSMEs (Triandini et al., 2019). Low-interest credit programs and more accessible terms help small businesses to expand their production capacity and improve product quality.

Human resource development is also the main focus of the government. Skills training and entrepreneurship education are very important to improve the competence of MSME actors. According to the results of a literature study by (Lathifah & Noorman, 2018), increasing financial literacy and understanding of business management can help MSMEs in managing their businesses more effectively.

The government is trying to increase access to information and networks for MSMEs through the use of digital technology. Research shows that the use of digital platforms can help MSMEs market their products more effectively (Priskilla Simangunsong, 2020). By utilizing social media and e-commerce, MSME actors can reach global consumers more easily. The impact of the government's strategy can be seen in improving the performance of MSMEs. The results of the study show that many MSMEs have succeeded in increasing export sales after receiving support from the government. This shows that the right policies can make a significant contribution to the growth of this sector.

The current global economic trend shows an increasing demand for environmentally friendly and innovative products. This creates opportunities for Indonesian MSMEs to develop products that meet the needs of the international

market. Research by (Pranoto & Herawati, 2021) revealed that the success of MSMEs in penetrating the global market is highly dependent on their ability to adapt to these changes. The main challenges for MSMEs in global competition include exchange rate fluctuations and high logistics costs. Previous research has shown that economic instability can affect the competitiveness of MSME products in the international market (Novitasari, 2022).

Product innovation is the key to increasing the competitiveness of MSMEs. By creating unique and high-quality products, small businesses can attract the attention of consumers in the international market. According to a study by (Lathifah & Noorman, 2018), innovation is an important factor in maintaining a competitive position in the global market.

Information technology plays a crucial role in the development of MSMEs. Research shows that the adoption of digital technology can improve operational efficiency and market access for small businesses (Pambudi & Santoso, 2019). However, challenges such as limited digital infrastructure still need to be overcome. Collaboration between MSMEs is essential to share resources and experiences. By building a strategic network, small business actors can support each other in facing common challenges (Simangunsong, 2020).

Improving the ability of human resources through continuous training is very important to maintain the competitiveness of MSMEs in the global market. According to (Triandini et al., 2019), the right training program can help small businesses develop the skills needed to compete. Government support in accessing financing is crucial for the success of MSMEs. Loan programs with easy terms will help small business actors in expanding into the global market (Winata, 2019).

Some of the success factors include product innovation, effective marketing, and support from the government. Research shows that success in exports is influenced by the ability to innovate and adapt to the needs of the international market (Pranoto & Herawati, 2021). Inflation has an impact on people's purchasing power, thus affecting the sales of MSME products. Research shows that high inflation can reduce demand for consumer goods (Triandini et al., 2019). The government has implemented strict monetary policy and subsidy programs to control inflation so as not to negatively impact people's purchasing power.

Future inflation predictions indicate a possible decline in line with global economic stability; However, there is still a risk of fluctuations due to geopolitical tensions or changes in monetary policy in major countries. This discussion provides a comprehensive overview of the challenges faced by MSMEs in Indonesia and the role of the government in supporting the growth of this sector through various policy strategies. Through the analysis of the existing literature, it is clear that collaboration between all stakeholders is the key to success in increasing the competitiveness of MSMEs in the global market.

Indonesia's Inflation Target through Bank Indonesia has set the inflation target for 2023 in the range of 3.0-5.0%, with the hope that inflation will remain under control despite external pressures. For 2024 and 2025, Indonesia's inflation target is more ambitious, ranging from 2.5-3.0%. Globally, many international

institutions (such as the IMF and the World Bank) hope that global inflation can again reach a lower target of 2.5-3.0% in the medium term, although high inflation rates are still faced in 2023 and 2024.

## CONCLUSIONS AND RECOMMENDATIONS

This research shows that Micro, Small, and Medium Enterprises (MSMEs) in Indonesia face various challenges in entering the global market, including fierce competition, limited resources, and complex regulations. However, the government's role is crucial in supporting the expansion of MSMEs through various strategies, such as increasing access to financing, developing human resource capabilities, and increasing access to information and networks. Government policies that include training programs and tax incentives have been proven to have a positive impact on the performance of MSMEs, increasing export sales and product quality. In addition, global economic trends that lead to the demand for environmentally friendly products provide opportunities for MSMEs to innovate. Nonetheless, challenges such as exchange rate fluctuations and logistics costs still need to be overcome. By utilizing information technology and building strategic collaborations between MSMEs, this sector can increase its competitiveness in the international market. Overall, this study confirms that continued support from the government and adaptation by MSME actors are key to facing the challenges of inflation and achieving success in the global market.

## FURTHER STUDY

Readers are urged to investigate supplementary materials, including books, scholarly journals, and reliable internet publications, in order to obtain a more profound comprehension of this subject. Attending webinars, online classes, or seminars can offer useful perspectives and practical experience. Participating in forums, discussion groups, or professional communities can also provide networking possibilities and a variety of viewpoints. Attending conferences, reading relevant case studies and publications, or keeping up with industry experts' updates can also help you learn more and stay up to date on new developments.

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