

SYNERGY OF MSMEs AND BLUE ECONOMY FOR SUSTAINABLE DEVELOPMENT IN THE COASTAL AREAS OF EAST KALIMANTAN

Jainuddin¹, Leny Susilawati Anggraini², Abdul Halik³, Siti Mujanah⁴
STIE Nusantara Sangatta^{1,2}
17 August University Surabaya^{3,4}
Email: jainuddin25@gmail.com

Abstract: This research aims to identify and analyze the synergy between MSMEs and the blue economy in supporting sustainable development in the coastal areas of East Kalimantan. The research was conducted in several regencies in East Kalimantan, namely Balikpapan, Paser, Bontang, Kutai Kartanegara, and Kutai Timur. These regions were selected due to their significant maritime-based economic activities. Data collection was carried out for two months. This research employs a qualitative approach to explore the perceptions, experiences, and views of MSMEs related to the blue economy. The research results indicate that the synergy between MSMEs and the blue economy concept not only has a positive impact on improving the welfare of coastal communities but also serves as a strategic step in preserving marine ecosystems. Through strengthened collaboration among stakeholders, MSMEs can become the driving force behind an inclusive and sustainable blue economy.

Keywords: *UMKM; Blue Economy; Sinergi*

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1. Introduction

As a country dominated by water areas, Indonesia has the potential to develop its economy through the fisheries and marine sectors. Developing a blue economy model can be one of the main strategies in developing Micro, Small, and Medium Enterprises (MSMEs) in coastal Indonesia. The concept of the blue economy is the sustainable use of marine resources for economic growth, while maintaining the health of marine ecosystems. The blue economy business model can be applied to Indonesian people who utilize the fisheries and marine sectors as their livelihood (Putri, et al., 2022). This business model not only involves fishermen but also entrepreneurs who develop processed fishery and marine products in the form of micro, small, and medium-sized businesses. According to Jusuf (2012), the blue economy can be seen as an action that focuses on the comprehensive development of the people's economy to achieve overall national development. The blue economy-based development approach will synergize with the implementation of the triple track strategy, namely the pro-poor (poverty alleviation), pro-growth (growth), pro-job (job creation), and pro-environment (environmental conservation) programs.

The basic principles of the Blue Economy include environmental sustainability, technological innovation, efficient use of resources, improved social welfare, and strengthening

cooperation among various stakeholders involved (Pauli, 2010). The relevance of the blue economy to coastal economic development lies in its potential to drive economic growth in coastal areas through an environmentally friendly approach. Coastal areas are the center of various marine economic activities, such as fisheries, marine tourism, marine transportation, and seafood processing. By applying the principles of the blue economy, coastal economic development not only focuses on increasing economic output but also ensures that marine ecosystems remain preserved to support long-term sustainability.

East Kalimantan, as one of the provinces with a coastline of 31.413.35 km² and abundant marine resources, has great potential to adopt the blue economy (KKP, 2021). The implementation of the blue economy in East Kalimantan can include the development of sustainable capture fisheries and aquaculture, the development of conservation-based marine tourism, and innovation in seafood processing. In addition, this approach is also relevant in improving the quality of life of coastal communities through job creation and poverty reduction.

The Blue Economy also provides great opportunities for coastal MSMEs to play an active role in driving the local economy. Many coastal MSMEs are engaged in the processing of seafood, tourism, and the provision of maritime services that can be integrated with the principles of the blue economy. By supporting coastal MSMEs in implementing this approach, economic benefits can be obtained without sacrificing environmental sustainability. In addition, MSMEs' products that focus on sustainability have great potential to penetrate the global market (Halim, 2020).

Micro, Small, and Medium Enterprises (MSMEs) play a very important role in the national economy. As the sector that dominates the economic structure in many countries, including Indonesia, MSMEs contribute significantly to job creation, economic growth, and poverty reduction. The role of MSMEs is very large for the growth of the Indonesian economy, with a number reaching 99% of all business units. In 2023, MSMEs reached around 66 million. The contribution of MSMEs reached 61% of Indonesia's Gross Domestic Product (GDP), equivalent to Rp 9.580 trillion. The workforce involved in MSMEs is around 117 million workers or 97% of the total workforce (Kadin, 2023). In May 2022, the number of Micro, Small, and Medium Enterprises (MSMEs) in East Kalimantan was recorded at 344,581 units. This figure shows a significant increase compared to 2019, which was only 307,343 (BPS, 2023).

One of the main advantages of MSMEs is their flexibility in facing market dynamics. With a small business scale, MSMEs are able to adapt quickly to changes in consumer needs and economic conditions (Pudyastuti and Saputra, 2021). In addition, MSMEs also play an important role in the distribution of economic development, especially in rural and coastal areas. This is because MSMEs tend to be based on local resources and involve local communities in their operations (Ahmad, et al., 2023). The main characteristics of MSMEs, which include small business scale, local ownership, high flexibility, based on local resources, and low levels of technology and management, make them an important pillar for the development of the local and national economy (Tambunan, 2019).

Although the role of MSMEs is very large, this sector also faces various challenges that hinder the optimization of its contributions. These challenges include limited access to financing, technology, and markets, as well as low levels of education and skills of business actors. In the era of globalization and digitalization, MSMEs are also faced with increasingly intense competition, both domestically and internationally. One of the main challenges is limited access to financing. Many MSMEs find it difficult to obtain adequate business capital

due to a lack of collateral or legal documents required by formal financial institutions. In addition, the low level of financial literacy among MSMEs is also an obstacle in managing business finances optimally (Rahmawati, 2021). Another problem often faced by MSMEs is the low adoption of modern technology and efficient management practices. Most MSMEs still rely on traditional technology that limits their productivity and efficiency, especially in facing increasingly competitive market competition. In addition, the low quality of human resources (HR), most MSMEs have limitations in terms of managerial and technical skills. According to Tambunan's research (2019), low levels of education and a lack of training make it difficult for many MSMEs to improve product quality, expand markets, and face global competition. MSMEs often face challenges in marketing their products widely. Limited access to the global market, lack of effective branding, and minimal digital marketing strategies are the main obstacles. Many MSMEs only focus on the local market, making them vulnerable to changes in consumer demand at the regional level (Rahmawati, 2021). Therefore, comprehensive support from the government, financial institutions, and the private sector is needed to improve the capacity and competitiveness of MSMEs. In the context of a sustainable economy, MSMEs have great potential to contribute to the development of an environmentally friendly economy. By adopting sustainable and innovative business practices, MSMEs can support the achievement of the Sustainable Development Goals (SDGs). Therefore, strengthening MSMEs not only has an impact on economic growth but also on social and environmental sustainability. Based on the background of this research, the aim is to identify and analyze the synergy between MSMEs and the blue economy concept in supporting sustainable development in the coastal areas of East Kalimantan.

2. Research Method

This research was conducted in several regencies in East Kalimantan that have access to the sea and have blue economy potential, such as Balikpapan, Paser, Bontang, Kutai Kartanegara, and Kutai Timur. These regions were selected due to their significant maritime-based economic activities. Data collection was carried out for two months. This research employs a qualitative approach to explore the perceptions, experiences, and views of MSMEs related to the blue economy. This approach allows for a deeper understanding of the phenomenon being studied. The type of research used is descriptive qualitative, which aims to provide a comprehensive description and understanding of the role of MSMEs in supporting the blue economy in East Kalimantan. Data sources were obtained from 1) Primary data, which were collected directly from the field through in-depth interviews with MSMEs in the maritime sector (such as fishermen, seafood processing entrepreneurs, marine tourism operators, and others), as well as relevant government officials involved in the development of the blue economy. 2) Secondary data, which were obtained from reports published by the local government or related institutions, as well as relevant literature on the blue economy and MSMEs in East Kalimantan. Data analysis was conducted using a thematic analysis approach, which includes: 1) Transcription of interviews 2) Coding 3) Thematic grouping 4) Data interpretation.

3. Results and Discussion

The Role of MSMEs on the East Kalimantan Coast in Encouraging the Blue Economy

MSMEs have a strategic role in the local and national economy. At the local level, MSMEs function as drivers of the community's economy by creating jobs for local residents. This helps reduce unemployment rates and increase household income in coastal or remote

areas. MSMEs also play a role in community empowerment through productive and efficient management of local resources.

MSMEs in coastal East Kalimantan play a significant role in boosting the local economy through maritime sectors such as fisheries, seafood processing, and marine tourism. The processing of marine products like seaweed and fish by local MSMEs has reduced import dependency and strengthened the regional economy. Well-managed coastal MSMEs in East Kalimantan have helped enhance the region's economic resilience by bolstering sustainable marine-based economic sectors. For instance, MSMEs in Bontang City, specializing in seaweed products and other marine-based products, have reduced reliance on more climate-vulnerable sectors. The environmentally friendly seafood products produced in Bontang Koala, including dried fish, seaweed, shrimp paste, seaweed crackers, and amplang, are testament to this. Similarly, in Balikpapan, the Kalimantan Institute of Technology (ITK) through its Community-Based Empowerment Program (PBM) in 2023 has built a souvenir center and supported MSMEs in the Bamboe Wanadesa Eco-tourism area. This initiative aims to provide a platform for local communities to develop MSMEs, promoting the natural tourism area and boosting the local economy.

Many MSMEs in coastal East Kalimantan have adopted sustainable practices in their operations, such as environmentally friendly fishing practices and minimal-impact seafood processing. This is evident in almost all regencies/cities in East Kalimantan, where excess catches often lead to fish being processed into salted fish or fishmeal by skilled fisherwomen. Additionally, MSMEs have been developing seaweed cultivation using sustainable techniques that do not harm marine ecosystems. Coastal MSMEs in East Kalimantan play a vital role in the wise utilization of marine resources, maximizing their potential without damaging coastal ecosystems. Innovations in seafood processing technology and the use of marine-based renewable energy are key to supporting the blue economy. Currently, fishers in East Kalimantan still use traditional tools for catching and processing seafood. Coastal MSMEs offer opportunities for local empowerment, especially for women and indigenous communities, by providing employment and skills training aligned with the region's maritime potential. Fisheries departments in each regency/city conduct annual training for fishers and fisherwomen to improve their skills in sustainable fishing and processing techniques. Furthermore, the Tourism Department, in collaboration with the Cooperative and MSMEs Department, conducts annual socialization and training for MSMEs in the community-managed marine tourism sector. The Bontang City Government, through its Cooperative, Small and Medium Enterprises, and Trade Department, provides managerial training to MSMEs. This training aims to enhance product competitiveness, particularly for processed seafood products, with a focus on innovation, design, packaging, and marketing strategies. This supports the development of MSMEs based on marine resources, in line with the blue economy concept. The Bontang City Government also strives to develop the skills of MSMEs in processing and marketing seafood products. This program aims to increase the value of fishery products and the welfare of coastal communities, in line with the blue economy principle that emphasizes sustainability and efficiency in the utilization of marine resources. MSMEs in coastal East Kalimantan also support the marine tourism sector by developing environmentally sustainable tourism destinations. These MSMEs also contribute to the development of ecotourism focused on conserving marine natural resources. Homestay and ecotourism businesses managed by local MSMEs in coastal East Kalimantan, which prioritize coral reef and marine biota conservation, can be found in areas such as Pulau Miang in Kutai Timur Regency.

Synergy of MSMEs on the East Kalimantan Coast to Support the Blue Economy

The huge potential in the fisheries and marine tourism sectors provides opportunities for MSMEs on the coast of East Kalimantan to develop further. With the right support, coastal MSMEs can play a bigger role in developing the blue economy in East Kalimantan. MSMEs on the coast of East Kalimantan play a role in improving the local economy through maritime sectors such as fisheries, seafood processing and marine tourism. These MSMEs open up employment opportunities and increase the income of local communities.

Utilizing marine potential, such as cultivating fish and shellfish and developing processed marine products, can increase the added value of the marine sector. Regional governments and other related parties have an important role in providing policy support and facilities that can help coastal MSMEs, such as financing, training and capacity building programs. Providing access to micro financing for MSMEs in the maritime sector as well as providing incentives for entrepreneurs who adopt environmentally friendly technology. From the research results, it is possible to identify MSME synergies that support the Blue Economy program on the East Kalimantan coast, namely:

Absolutely! I can help you translate the text into English. Here's the translation with some additional notes to provide more context:

1. Coastal Tourism and Ecotourism. East Kalimantan boasts stunning coastal natural beauty, ranging from beaches to mangrove ecosystems and coral reefs. MSMEs in the tourism sector have the potential to grow by providing ecotourism services. Research findings indicate that all sampled research locations have activities such as boat and tour boat rentals for exploring coastal areas and small islands, as well as local tour guides who can offer cultural experiences and natural beauty to tourists. The construction of environmentally friendly homestays in coastal areas or islands is usually carried out by local governments but managed by the communities in the surrounding areas. The provision of local handicrafts based on coastal culture, such as beaded jewelry, bags, or woven products made from natural materials by local communities, is also common. Paser Regency has several coastal sub-districts, such as Tanjung Harapan and Kuaro, which are home to various MSMEs focused on local craft products and processed seafood.
2. Management and Utilization of Marine Resources. East Kalimantan has significant potential in the fisheries and marine sectors. MSMEs can be involved in various activities focused on the sustainable management of marine resources, such as fish and shrimp aquaculture, which is prevalent in Kutai Kartanegara and Kutai Timur Regencies, using environmentally friendly technologies such as brackish water fish and shrimp aquaculture. Research findings show that the production and processing of seafood can be found in all coastal areas of East Kalimantan. MSMEs produce processed products such as salted fish, shrimp paste, fish floss, shrimp crackers, and seaweed. Bontang City has become one of the centers for producing seaweed-based products. Given the abundance of seaweed types in coastal East Kalimantan, these MSMEs develop products such as agar-agar, seaweed-based cosmetics, or animal feed.
3. Infrastructure and Service Development. The service and infrastructure sector also presents opportunities for MSMEs in coastal East Kalimantan, especially those related to the marine and tourism sectors, such as the provision of marine transportation services. MSMEs can provide sea transportation to connect small islands with large cities or between tourist areas. The many small islands in Kutai Timur Regency have created opportunities for inter-island transportation entrepreneurs. Additionally, the development of logistics services for the distribution of fishery products or other local products from coastal areas to broader

markets. The provision of accommodation such as lodging or other facilities in coastal areas to support visiting tourists. Villa Mini Cafe Samudera is a homestay on the sea with easy access and a beautiful building. There is a cafe that serves typical Bontang Kuala cuisine, as well as D'Villa homestay, which is also located on the sea with easy access and a beautiful building.

4. **Development of Local Handicrafts.** The diversity of coastal cultures in East Kalimantan offers opportunities for the development of MSMEs in the field of culture-based handicrafts. MSMEs can produce handicraft products made from natural materials such as jewelry made from shells or Dayak traditional clothing that can be marketed to tourists interested in local culture and art products as well as home decorations inspired by the beauty of coastal and marine nature.
5. **Processing of Marine and Coastal Waste.** Well-managed marine and coastal waste can become an opportunity for MSMEs to produce useful or economically valuable products. Some business potentials developed in this sector include the utilization of fish waste or other marine products to be used as animal feed or organic fertilizer. One area that is active in these efforts is Kutai Kartanegara Regency. The East Kalimantan Fisheries Service has provided fish feed machines to several aquaculture groups in this region. These groups have also received training from Mulawarman University on the techniques of making independent fish feed. Independent fish feed can be made from local materials available around the aquaculture site, such as shrimp heads, guts, concentrates, and others, which are then processed into fishmeal to be mixed with other ingredients in making feed.
6. **Processing of Local Seafood.** In addition to aquaculture, MSMEs can utilize marine resources around the coast for various processing products, such as processed products based on fish and shellfish with higher value, such as shrimp paste, fish floss, or ready-to-eat food. Crab crackers are a typical Balikpapan snack made from a dough mixture with crab meat, resulting in a savory and crispy taste. This product was pioneered by Filsa Budi Ambia through the "Kampoeng Timoer" business, which is now a popular souvenir from Balikpapan. Furthermore, Amplang, a typical East Kalimantan cracker made from tenggiri fish meat, tapioca flour, and spices, is widely produced by MSMEs in all regencies in East Kalimantan and is one of the favorite souvenirs for tourists. The export of processed fishery products, such as salted fish and processed seaweed to the international market.

There are many challenges faced by MSMEs to synergize with the blue economy program, several steps that can be taken to face these challenges include:

1. **Capacity Building and Training.** Provincial and district/city governments and private institutions provide training to MSMEs about the Blue Economy, sustainable natural resource management techniques, as well as how to utilize technology to increase efficiency and product quality.
2. **Strengthening Infrastructure.** The government needs to improve infrastructure, including ports, transportation roads and seafood processing facilities, to support MSMEs in marketing their products to a wider market.
3. **Counseling on Green Financing.** Financial institutions can be involved to offer financing at low interest rates or based on environmentally friendly projects that focus on marine resource management.
4. **Partnerships and Collaboration:** Building partnerships between MSMEs and research institutions, large companies or the government to share knowledge, technology and market access.

5. Supportive Policies. The government must ensure that there are more proactive and coordinated policies in supporting MSMEs to adopt blue economy principles.

4. Conclusion

The synergy between MSMEs and the blue economy has proven to be supportive of sustainable development in coastal areas. Through collaboration among MSMEs, government, private sector, and civil society organizations, coastal development can be directed towards creating an inclusive economy that balances social, economic, and environmental aspects. Government support, through policies that support the development of blue economy-based MSMEs, is crucial. This includes providing access to financing, entrepreneurship training, infrastructure development, and marine ecosystem protection. Additionally, collaboration with the private sector and non-governmental organizations is also needed to accelerate the adoption of technology and innovation that supports sustainable development.

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