

## Community Empowerment Strategy in Facing Global Recession on South Sulawesi MSMEs Innovation

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### Abstract

Global recession is a hot topic of discussion of the global public including Indonesia the increasing risk of a global recession and said that inflation remains an ongoing problem, The economic slowdown will make the real sector restrain production capacity so that termination of employment companies close not operating, inflation investors tend to put their funds in the form of investment. The economy is increasingly difficult to have an impact on the weakening of the community's economy, the empowerment process occurs, participation, community participation so that it is effective. The role of the community in empowerment activities, with a focus as an MSME business actor which is an effort by participants and the community is able to innovate and be competitive in facing a recession, as for, the objectives of the community empowerment strategy, enabling and bathing from the impact of the global recession, as well as competitive empowerment in meeting insufficient life needs. MSME innovation in facing the global recession of society, innovating and applying competitiveness. Micro, Small and Medium Enterprises Activities in South Sulawesi. The main problem, When is the strategy and community empowerment able to innovate in MSMEs in South Sulawesi, the results and discussion, The balance of consumption becomes the basis of economic growth. When consumption is unbalanced, there is an economic cycle. Coupled with MSME innovation, it will result in inventory of goods. So the sudden economic shock, when the Covid-19 pandemic was one of the causes of the global economic recession weak purchasing power due to financial difficulties with Micro, Small and Medium Enterprises (MSMEs) with corporations need to continue to be developed and able to make innovations in all regions of Indonesia, especially in the south by relying on local superior products and paying attention to potential and improving quality and innovation MSMEs. In conclusion, we can anticipate the impact of the recession by innovating MSMEs in community empowerment strategies as well as evaluating spending and following economic developments in South Sulawesi.

**Keywords:** Empowerment Strategy, MSME Innovation, Global Recession

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## 1. Introduction

In a global recession it has been the subject of heated discussion among the global public including Indonesia the increasing risk of a global recession and said that inflation remains an ongoing problem after the Russian-Ukrainian war. He also said there was a slowdown in growth in several countries, currency depreciation and some emerging markets, as well as ongoing inflation concerns. An economic recession can simply be interpreted as a condition when a country's economy is deteriorating as seen from negative Gross Domestic Product, rising unemployment, and negative real economic growth for two consecutive quarters. This economic recession is caused by several driving factors such as the occurrence of a pandemic. The cause of this global recession is also an ongoing problem due to the Russian and Ukrainian wars. In addition, the excessive amount of debt borne by individuals and businesses in a country is also the cause of a recession. Rising interest rates, financial crises in emerging markets and emerging economies can trigger recessions that occur so that they last longer. The impact of the recession is also very heavy for the public in terms of Indonesia's economic indicators which are still quite stable and the value of Indonesia's exports is relatively small compared to countries directly affected by the recession. The chances of a recession in Indonesia are smaller than other countries, it does not mean that we can feel relaxed about the impact of a potential recession including, The economic slowdown will make the real sector hold back production capacity so that termination of employment will often occur even some companies may close and no longer operate and will experience a decrease in inflation so that Investors tend to place their funds on a safe form of investment. In an increasingly difficult economy, it has an impact on the weakening of the community's economy and people's purchasing power because they will be more selective in using their money with a focus on meeting their needs first. Empowerment is also a process, method, deed that makes empowered, namely the ability of the community to do something or the ability to act in the form of reason, an effort to develop various aspects of people's lives, both material and business, in order to achieve the ideals and goals of a nation. The empowerment process does not occur by itself, but by community participation and participation so that it is effective. The role of the community in empowerment activities, with the focus of the community as actors in the business which is an effort by participants and as a community able to innovate and be competitive to face a Recession in the future, or showing as a supporter of empowerment in community activities is the motivation and wisdom of the government in antisipasi things community empowerment activities are how to budget and prepare infrastructure for the community.

### 1.1 Purpose

The goal of community strategy and empowerment is to enable and bathe the community, especially regardless of the impact of recession or underdevelopment and the helpless gap in meeting the needs of insufficient and decent life. The goal of msme innovation in the face of a global recession is the ability of the community to innovate and be able to apply

competitiveness in the activities of small and medium-sized micro-enterprises in South Sulawesi.

## **1.2 Key Issues**

Based on the introduction above, the author can outline the main problem related to the title, namely, "community empowerment strategies in the face of a global recession in MSMEs in South Sulawesi" as follows:

Whether the community empowerment strategy is able to bathe in the face of the global recession in South Sulawesi, How to innovate MSMEs in the face of a global recession, When is the strategy and community empowerment innovating in MSMEs in South Sulawesi.

## **1.3 Literature Review**

Permendagri. RI Number 7 of 2007 concerning Community Empowerment Cadres, it is stated that community empowerment is a strategy used in community development as an effort to realize ability and independence in the life of society, nation and state. Paul, 1987 in Prijono and Pranarka, 1996 said that empowerment means a fair division of power so as to increase political awareness and power in the weak and magnify their influence on development processes and outcomes. Huraerah, 2008 revealed that community empowerment is a process in the frame of efforts to strengthen what is commonly called community self-reliance. Samuel Paul, economic empowerment of communities in need active and creative participation. According to him, active and creative participation is expressed as participation which refers to an active process by which the target group can influence the direction and implementation of development projects rather than merely accepting the distribution of community empowerment profit projects basically formed from the goal of improving education and will have a positive impact on other improvements, such as institutional improvement, business, income, environment life and society.

## **2. Results and Discussion**

### **2.1 Results**

The balance of consumption and production forms the basis of economic growth. When production and consumption are unbalanced, problems occur in the economic cycle. High production that is not accompanied by consumption will result in a buildup of stock of goods. However, low consumption while the need is getting higher will encourage imports. This will then result in a decrease in the company's profit, which will affect the weak capital market. So sudden economic shocks, such as the Covid-19 pandemic, are one of the causes of economic recession. It is characterized by weak purchasing power due to financial difficulties. In addition to recessions, economic shocks can also cause a variety of serious economic problems, such as debt piles. A lot of debt makes the cost of repayment rise, even to the point of not being able to pay it off anymore.

In the next global economic recession is inflation. In the world experiencing a recession due to the Covid-19 pandemic, now a recession can occur due to high inflation due to soaring energy commodity prices. Inflation can be lowered under good conditions and will not increase the

price of goods and services over a certain period. Excessive inflation makes people's purchasing power weaken. On the other hand, the production of goods and services will decline. This falls into the dangerous category because it will trigger unemployment, poverty, and lead to recession. Soaring inflation has led central banks to raise interest rates. Problem these two things are exacerbated by purchasing power that is starting to be sluggish and will become a helper of the recession. High interest rates serve to protect the value of the currency, but this will burden the debtor and lead to bad debts. If it happens in a big way, banking could collapse. Not only inflation, but deflation can also cause an economic recession. Deflation is characterized by a fall in the price of goods or services. At first glance, deflation can increase people's purchasing power, but if it happens, it will harm providers of goods and services. Persistent price drops can make consumers postpone purchases and wait until the lowest nominal. If this happens, purchasing power actually weakens and production activity decreases. When individuals and business units stop spending money, the economy will be damaged. Here are the 1 global recession figures presented as follows:



**Figure 1. Global recession**

The asset bubble is also one of the causes of the economic recession. The phenomenon of asset bubbles usually occurs in the stock and property markets. Investors took rash decisions that ended up damaging the market. They buy a lot of stocks or pile up property with speculation that the price will continue to rise in the future. However, the asset bubble will be sold when economic conditions are in disarray or so-called panic selling. If this happens, an economic recession will be approaching.

## **2.2 Discussion**

The cause of the Global economic recession is not only directly related to the economic sector, but also related to technology. It is feared that the industrial revolution will make Artificial Intelligence (AI) and robots will replace many human jobs. If this happens, many workers have the potential to become unemployed and a complete global recession is inevitable in everyday life. Therefore, it is necessary to have a strategic community and empower through Micro, Small and Medium Enterprises (MSMEs) with corporations that need to continue to be developed and able to make innovations in all regions of Indonesia, especially in the south region by relying on local superior products and paying attention to the diversity of potentials, to improve the quality of MSME entrepreneurship in the country so that especially in South Sulawesi through work this same can also increase the competitiveness of MSMEs in the global market. In a strategic partnership, it is also a growth of new entrepreneurs and strong MSMEs in accordance with the spirit of Law (UU) Number 11 of 2020 concerning Job Creation, Article 90 which states that every local or central government is obliged to facilitate MSMEs in the

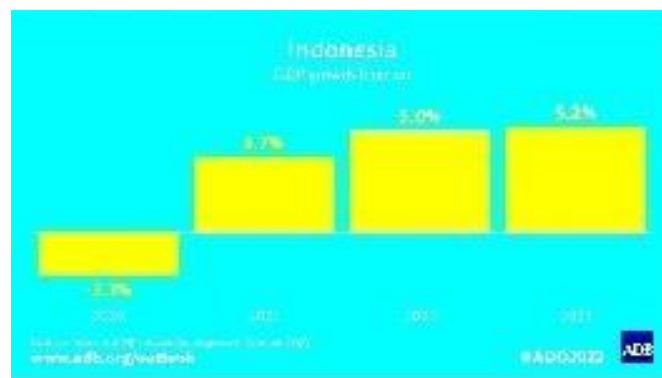
supply chain in order to improve business competence to the community. Mainly maintaining health is the most important thing, so that we are physically and mentally prepared to face economic pressures. By maintaining health, we will be prepared in the face of a recession or crisis before us. If health alone is compromised how can we deal with the economic recession in the future. Emergency Fund, to deal with an economic recession, we must have and emergency. With economic conditions that it is not clear like this, an emergency fund can be a preventive measure for us if something untoward happens. With an emergency fund, we can avoid debt. Stop the Consumptive Lifestyle, The most important thing in the face of an economic recession is to manage finances well. Start by mapping out the priority needs. Downgrade your lifestyle, reduce consumptive lifestyle. Start Looking for Additional Income, Be careful in seeing the opportunities that lie ahead of us. Take advantage of the opportunities that exist around us, explore the hobbies you have that can be used as additional income. Or by adding new skills so that they can be used as additional income. Recession is an inevitable part of the country's economic cycle. Although the various impacts caused by the recession sound so scary, but that doesn't mean there is nothing else that can be done to deal with it. Momentum These MSMEs certainly need to be maintained so that the existence of this sector continues to contribute to the country and efforts for economic independence. Although the threat of a global recession is not predicted to be too massive, strengthening the resilience of MSMEs is still important considering that most Indonesians depend on this sector for their lives. Because, if this sector is affected, the implication is that many people will lose their jobs. Therefore, there are several problems that must be addressed by the government in encouraging these MSMEs to be more independent in terms of production marketing, access to technology, finance and MSME development ecosystem. The classic problem in the MSME sector remains a chore for government because so far the policies carried out have never been comprehensive. And the absorption of labor by MSMEs is also very high and continues to grow to reach 96.99%-97.22% with the number of MSME actors reaching 62 million or around 98% of national business actors.

The important role of MSMEs in the national economy actually reflects the important role of MSMEs in achieving sustainable development goals in Indonesia. The development of MSME-based entrepreneurship is expected to be the frontline in achieving the economic pillars of the SDGs by creating jobs, creating decent working conditions, business innovation, adapting and mitigating negative economic impacts, social and environmental for inclusive and sustainable economic growth. Based on the Vision of Advanced Indonesia which is sovereign, independent, and personality based on mutual cooperation which, among others, is described through improving human quality, a productive economic structure that is independent and competitive, with equitable and equitable development, making the development of entrepreneurship and MSMEs more strategic in ensuring the vision and mission of Advanced Indonesia can be accelerated in achieving all aspects of production, the development of the MSME sector must be oriented towards market driven so that MSME products can be absorbed into local to foreign markets.

Many MSME players are able to make products but cannot be sold to the market. There should be a paradigm shift in MSME development from just subsistence to MSMEs that move up in class. Then Product innovations must be developed following market developments so that the

competitiveness of MSME products can continue to be maintained. In addition to the various aspects above, the important thing to do is how to encourage a better MSME development ecosystem. So far, the patterns of MSME development carried out are still partial and integration among stakeholders is still weak. The implication is that many policies are often inconsistent and overlapping. If this is not addressed, until whenever the development of MSMEs will only run statically and will not immediately move up in class. Therefore, there needs to be synchronization of MSME policies both at the upper and regional levels, for example by developing a roadmap for MSME development.

Support for MSME development must continue to be encouraged by strengthening policy and regulatory support, infrastructure and partnership networks as the strategy above, needs to be carried out consistently so that the resilience of MSMEs can continue to be strengthened. Existing policies should be able to strengthen the potential of MSMEs rather than weaken the global recession. Social capital, high spirit of social solidarity, good flexibility ability are examples of the potential of MSMEs that can become strongholds and have a catastrophic impact and the threat of a global recession. based on economic growth, it can be seen in the picture:



**Figure 2. Economic Growth**

This is based on figure.2 that consumer spending and manufacturing activities in Indonesia continue to grow due to rising incomes, jobs, and optimism. Investment was helped by rising demand, improved investment climate and business climate, and credit recovery. Inflation, which reached an average of 1.6% last year, is expected to rise to 3.6% in 2022, due to faster economic growth and higher commodity prices, but will still be within Bank Indonesia's target range. Inflation is expected to fall to 3.0% in 2023 as commodity prices ease. However, higher prices for Indonesia's commodity exports will offset the decline in export volume, thus keeping the current account balanced and generating additional income. Economic growth is an increase in people's output caused by the increasing number of quantities used in the process the production of society in the absence of changes in the technology of production itself. Meanwhile, economic development is an increase in output caused by innovations made by the self-employed. Innovation is a technological improvement in a broad sense for example the discovery of new products, the opening of new markets derived from the creativity of the self-employed for the qualitative improvement of the economic system itself.



### 3. Conclusions

From the explanation above, it can be concluded that the threat of recession. is real. But as wise citizens, we should not be pessimistic about the circumstances. We can anticipate the impact of the recession by innovating MSMEs in an effort to empower the community as well as evaluate spending and keep abreast of the economic developments in South Sulawesi.

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