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Qualitative Assessment of MSME Business Feasibility under Socioeconomic Changes in Nganjuk Regency

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ABSTRACT:

Abstract

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in supporting regional economic development and improving community welfare. In Nganjuk Regency, MSMEs continue to evolve alongside ongoing socioeconomic changes, including shifts in consumer behavior, the rapid advancement of digital technology, and the economic conditions following the COVID-19 pandemic. These changes require MSME entrepreneurs to continuously adapt in order to maintain business feasibility and long-term sustainability. This study aims to qualitatively analyze the business feasibility of MSMEs in response to socioeconomic changes in Nganjuk Regency and to identify the factors influencing their business sustainability. A descriptive qualitative approach was employed, with data collected through in-depth interviews, direct observation, and document analysis involving MSME owners. Data were analyzed using the interactive model of data reduction, data display, and conclusion drawing and verification, while source triangulation was applied to ensure the credibility and trustworthiness of the findings. The results indicate that the business feasibility of MSMEs in Nganjuk Regency is determined not only by economic and financial factors but also by social dimensions, including environmental support, business networks, and the ability of entrepreneurs to adapt to social and technological changes. MSMEs that effectively utilize digital technology, expand their social and business networks, and implement adaptive business management practices demonstrate greater resilience to changing socioeconomic conditions. The findings of this study are expected to contribute to the formulation of policies and strategic initiatives aimed at strengthening MSME empowerment and sustainable regional economic development.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) represent one of the most strategic sectors in supporting both national and regional economic development. Beyond contributing to economic growth, MSMEs play a vital role in generating employment opportunities, reducing unemployment, and improving community welfare. Their importance has become increasingly evident due to their flexibility and resilience in adapting to various economic conditions, including periods of economic crisis and rapid social transformation. At the regional level, MSMEs serve as the backbone of local economies. Nganjuk Regency is one of the regions with considerable MSME potential, particularly in the trade, culinary, agro-processing, and home-based manufacturing sectors. The growth of MSMEs in Nganjuk has been closely associated with

local socioeconomic conditions and community needs. Consequently, MSMEs function not only as a source of income for entrepreneurs but also as a key driver of local economic activities.

Along with socioeconomic development, the people of Nganjuk Regency have experienced significant social and economic transformations. These changes include shifts in consumer behavior, the increasing adoption of digital technology in economic activities, and evolving lifestyles and consumer preferences. In addition, the post-pandemic economic recovery has substantially influenced both entrepreneurial behavior and consumer purchasing patterns. These socioeconomic changes require MSMEs to continuously adapt in order to remain competitive and sustainable within an increasingly dynamic business environment.

In this context, business feasibility has become an essential aspect of MSME development. Business feasibility extends beyond the ability of an enterprise to generate profits and also encompasses its long-term sustainability. From a qualitative perspective, business feasibility is understood more comprehensively by considering social dimensions, including entrepreneurs' ability to establish social networks, obtain environmental and institutional support, and adapt to ongoing social and technological changes. Therefore, a feasible MSME is not merely one that demonstrates strong financial performance but also one that possesses sufficient adaptive capacity and social support to sustain its operations under changing socioeconomic conditions.

Despite their important role, many MSMEs in Nganjuk Regency continue to encounter substantial challenges in maintaining business sustainability. Common obstacles include limited business capital, inadequate managerial practices and financial record-keeping, low levels of digital literacy, and insufficient understanding of changing consumer behavior. These constraints reduce the ability of MSMEs to respond effectively to rapid socioeconomic changes and, consequently, threaten their long-term viability.

Based on these conditions, there is a need for research that provides an in-depth understanding of the business feasibility of MSMEs in Nganjuk Regency within the context of ongoing socioeconomic transformation. A qualitative approach was adopted because it enables a comprehensive exploration of entrepreneurs' experiences, perspectives, and adaptive strategies in responding to social and economic changes. The findings of this study are expected to contribute to the development of policies and practical strategies aimed at strengthening the resilience, competitiveness, and sustainability of MSMEs in regional economies.

This study is expected to provide a more comprehensive understanding of the actual conditions of MSMEs in Nganjuk Regency and to serve as a valuable reference for formulating policies and empowerment programs that promote the sustainability, resilience, and competitiveness of MSMEs while enhancing community welfare.

RESEARCH METHODOLOGY

This study employed a descriptive qualitative approach to obtain an in-depth understanding of the business feasibility of Micro, Small, and Medium Enterprises (MSMEs) in responding to socioeconomic changes in Nganjuk Regency. A qualitative approach was selected because it enables the exploration of entrepreneurs' experiences, perceptions, and adaptive strategies within their real-life context without manipulating the research setting. Nganjuk Regency was chosen as the study area because its economy is predominantly supported by MSMEs operating across various business sectors that have been significantly influenced by socioeconomic dynamics and technological development.

The research participants consisted of MSME owners and managers in Nganjuk Regency selected through purposive sampling based on predetermined criteria, including having operated their businesses for a certain period and possessing experience in responding to socioeconomic changes. The primary informants were business owners or managers with comprehensive knowledge of their business conditions, operational challenges, and adaptation strategies. The study utilized both primary and secondary data. Primary data were collected through in-depth interviews and field observations, while secondary data included supporting documents such as business records, photographs of business activities, and reports related to MSMEs.

Data collection was conducted using three complementary techniques: in-depth interviews, field observations, and document analysis. The interviews were designed to explore the experiences, perceptions, and adaptive strategies of MSME entrepreneurs in maintaining business feasibility. Field observations were carried out to examine business operations and the surrounding business environment directly, whereas document analysis was employed to support and validate the findings obtained from interviews and observations.

The data were analyzed qualitatively using the interactive model proposed by Miles, Huberman, and Saldaña, which consists of data reduction, data display, and conclusion drawing and verification. The analysis was conducted systematically to identify patterns, relationships, and meanings emerging from the data, thereby providing a comprehensive understanding of business feasibility and the adaptive strategies adopted by MSMEs in response to socioeconomic changes. To ensure the credibility and trustworthiness of the findings, data validity was established through source and method triangulation by comparing evidence obtained from interviews, observations, and documentation, as well as conducting member checking with the participants to confirm the accuracy of the research findings.

RESULT AND DISCUSSIONS

This section discusses the research findings by situating the field evidence within a qualitative framework of understanding the business feasibility of Micro, Small, and Medium Enterprises (MSMEs) and the socioeconomic changes experienced by local entrepreneurs. The discussion focuses on how MSMEs perceive business feasibility, respond to changes in the business environment, and develop adaptive

strategies to sustain their operations. In this context, MSMEs in Nganjuk Regency are predominantly micro and small enterprises operating in the trade, culinary, service, and home-based manufacturing sectors. These enterprises are generally characterized by limited capital and relatively simple management systems. Such conditions indicate that MSMEs have developed independently based on entrepreneurs' experience, local economic needs, and market opportunities while serving as a primary source of household income and an essential pillar of the local economy.

From a qualitative perspective, business feasibility is not interpreted solely in terms of financial profitability but rather as the ability of a business to survive and meet the daily livelihood needs of its owners. MSME entrepreneurs consider their businesses to be feasible when they generate relatively stable income, maintain a loyal customer base, and avoid substantial financial losses. This interpretation is practical and context-specific, reflecting the subjective experiences of entrepreneurs in sustaining their businesses amid continuously evolving socioeconomic conditions. These findings are consistent with the qualitative perspective, which views business feasibility as a social phenomenon shaped by the surrounding environment, social values, and the lived experiences of business owners.

Socioeconomic changes have produced diverse impacts on the operations of MSMEs in Nganjuk Regency. Shifts in consumer behavior, fluctuations in raw material prices, and the rapid development of digital technology have influenced both sales performance and the ways entrepreneurs interact with customers. Declining purchasing power during certain periods has directly affected business revenues, while increasing consumer demand for convenience, affordability, and accessibility has encouraged MSMEs to modify their products and services. These findings suggest that socioeconomic changes should not merely be viewed as challenges but also as opportunities for innovation and business development.

In response to these changes, MSME entrepreneurs have implemented various adaptive strategies to maintain business feasibility, including price adjustments, product diversification, and the gradual adoption of digital technologies for marketing purposes. The use of social media platforms and instant messaging applications has become an increasingly important marketing strategy, implemented progressively according to entrepreneurs' capabilities and digital literacy. These adaptive strategies reflect the socioeconomic resilience of local MSMEs, as entrepreneurs seek not only to preserve profitability but also to ensure business continuity and household economic stability. Consequently, MSMEs function not only as economic entities but also as social actors that contribute to maintaining socioeconomic stability and supporting regional economic development.

General Characteristics of MSMEs and Business Feasibility Perceptions

Based on the findings from in-depth interviews and field observations, MSMEs in Nganjuk Regency are predominantly micro and small enterprises operating in the trade, culinary, service, and home-based manufacturing sectors. Most entrepreneurs manage their businesses independently with limited capital and relatively simple management systems. Despite these limitations, MSMEs play a crucial role as the primary source of household income while serving as an important pillar of the local economy.

Most MSME entrepreneurs established their businesses based on personal experience, economic necessity, and market opportunities within their local communities. In practice, business operations are managed flexibly and continuously adjusted to the evolving socioeconomic conditions. These findings indicate that MSMEs possess a strong adaptive capacity despite facing various resource constraints.

The findings further reveal that MSME entrepreneurs do not perceive business feasibility solely in terms of financial profitability. Instead, business feasibility is primarily understood as the ability of an enterprise to survive and provide sufficient income to meet daily household needs. For most participants, a business is considered feasible when it generates relatively stable income, even if the amount of profit remains modest.

In addition to financial returns, business feasibility is also perceived from the perspective of long-term sustainability. Entrepreneurs consider their businesses to be feasible as long as they retain loyal customers, are able to adjust product prices according to consumers' purchasing power, and avoid significant financial losses. These findings suggest that the concept of business feasibility, from the perspective of MSME entrepreneurs, is practical and context-dependent, reflecting the socioeconomic realities in which their businesses operate.

Impact of Socioeconomic Changes on MSMEs

Socioeconomic changes have exerted diverse effects on the operations and sustainability of MSMEs. Shifts in consumer behavior, fluctuations in raw material prices, and the rapid advancement of digital technology have emerged as the primary factors influencing business continuity. Many MSME entrepreneurs reported that consumers' purchasing power tends to decline during certain periods, directly affecting sales performance and business revenues.

Furthermore, socioeconomic changes have altered the way MSME entrepreneurs interact with their customers. Consumers increasingly prioritize convenience, affordability, and ease of access when making purchasing decisions. Consequently, MSMEs are required to continuously adapt their products and services to meet these evolving consumer preferences. These circumstances present not only significant challenges but also valuable opportunities for innovation and business development.

The findings indicate that MSME entrepreneurs have implemented various adaptive strategies to maintain business feasibility and ensure long-term sustainability. The most common strategies include adjusting product prices and diversifying product offerings. Entrepreneurs strive to align their pricing strategies with consumers' purchasing power while maintaining product quality as much as possible.

In addition, many MSME owners have gradually adopted digital technologies, particularly social media platforms and instant messaging applications, to promote their products and expand their market reach. This digital transformation has been implemented progressively according to the entrepreneurs' digital competencies and available resources. Although not all MSME owners possess sufficient digital skills, these adaptation efforts demonstrate an increasing awareness of the importance of embracing technological

advancements and responding proactively to the changing business environment.

The findings indicate that, from a qualitative perspective, the business feasibility of MSMEs is primarily associated with business continuity and resilience. Rather than being measured solely through formal financial indicators, business feasibility is understood through the subjective experiences of entrepreneurs in sustaining their business operations amid ongoing socioeconomic changes. These findings are consistent with the qualitative perspective, which conceptualizes business feasibility as a social phenomenon shaped by environmental conditions, social values, and the lived experiences of business owners. Accordingly, an MSME is considered feasible when it demonstrates the capacity to survive, adapt, and continue operating despite various resource limitations and external challenges.

Socioeconomic changes present not only significant challenges but also valuable opportunities for MSMEs to innovate and improve their competitiveness. Declining purchasing power and changing consumer behavior encourage entrepreneurs to become more creative in developing products and delivering services that better meet market demands. At the same time, technological advancements provide opportunities for MSMEs to expand their market reach, improve operational efficiency, and strengthen their competitive position.

However, the adaptive capacity of MSMEs largely depends on the availability of critical resources, including financial capital, knowledge, managerial capability, and digital competencies. Consequently, the impact of socioeconomic changes varies across enterprises according to their level of preparedness and the effectiveness of the adaptive strategies they implement.

The adaptive strategies adopted by MSME entrepreneurs reflect a broader form of socioeconomic resilience at the local level. Price adjustments, product diversification, and the utilization of digital technologies demonstrate the ability of MSMEs to respond proactively to changes in the business environment. These adaptation efforts are intended not only to maintain profitability but also to ensure business continuity and preserve household economic stability.

Therefore, MSMEs function not merely as economic entities but also as social actors that contribute to maintaining socioeconomic stability within their communities. Their resilience in responding to socioeconomic changes represents a crucial factor in supporting sustainable regional economic development and strengthening the long-term resilience of local economies.

CONCLUSION

Based on the findings and discussion presented in this study, it can be concluded that the business feasibility of Micro, Small, and Medium Enterprises (MSMEs) in Nganjuk Regency, from a qualitative perspective, is determined not only by financial performance but also by the ability of businesses to survive and adapt to ongoing socioeconomic changes. MSME entrepreneurs perceive business feasibility as the capacity of their businesses to generate relatively stable income, meet daily household needs, and ensure long-term business continuity.

Socioeconomic changes, including shifts in consumer behavior, fluctuations in raw material prices, and the rapid advancement of digital technology, have significantly influenced MSME operations. These changes present both challenges and opportunities for business owners. MSMEs that are able to understand changes in the business environment and adjust their business strategies accordingly tend to demonstrate greater resilience than those that are less responsive to such changes.

The findings also reveal that adaptive strategies play a crucial role in maintaining the business feasibility of MSMEs. Price adjustments, product diversification, and the adoption of digital technologies represent the primary forms of adaptation implemented by entrepreneurs according to their capabilities and available resources. These strategies reflect the socioeconomic resilience of MSMEs in responding to the dynamic nature of the business environment.

Therefore, the business feasibility of MSMEs, as identified in this study, should be understood as a contextual and dynamic socioeconomic phenomenon rather than merely a financial concept. The qualitative approach provides a deeper understanding of the realities experienced by MSME entrepreneurs and offers valuable insights for designing policies and development programs that promote the long-term sustainability, resilience, and competitiveness of MSMEs at the regional level.

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