

The Impact of Social and Political Capital on the Sustainability of MSMEs in the Era of Economic and Digital Disruption



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ABSTRACT

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The purpose of this study is to determine the impact of social and political capital on the sustainability of MSMEs in the Era of Economic and Digital Disruption. The technique in this exploration utilizes a blended strategy research approach, in particular a mix of subjective and quantitative. It is hoped that the existing hypotheses can work in conjunction with one another by employing a combined approach. Qualitative methods always employ scientific logic, whereas quantitative methods always place an emphasis on process analysis of inductive thinking processes related to the dynamics of relationships between observed phenomena. The stages are: (1). Observing social phenomena, identifying, revising, and re-checking existing data; (2). Categorize the information obtained; (3). Tracing and explaining categorization; (4). Explain the categorization relationship; (5). Draw general conclusions; (6). Building or explaining a theory. The population in this study was all cooperatives, MSME centers, MSME clusters, and MSME groups that had digitized in facing the era of economic and digital disruption. The population is 380 MSMEs. Using the Slovin formula, then, a total of 192 MSMEs were sampled with various business backgrounds. The results of this study are: (1) that MSMEs use social capital in facing the era of economic and digital disruption with cooperatives as an intervening variable that have a significant positive effect; (2) that MSMEs use social capital in facing the era of economic and digital disruption with MSME centers as an intervening variable has a significant positive effect; (3) that MSMEs use social capital in facing the era of economic and digital disruption with the MSME Cluster as an intervening variable have no significant positive effect; (4) that MSME uses social capital in facing the era of economic and digital disruption with the MSME group as a variable intervening No significant positive effect; (5) that MSMEs use political capital in facing the era of economic and digital disruption with cooperatives as an intervening variable No significant positive effect; (6) that MSMEs use political capital in facing the era of economic and digital disruption with MSME centers as the intervening variable has a significant positive effect; (7) that MSMEs use political capital in facing the era of economic and digital disruption with the MSME cluster as an intervening variable have no significant positive effect; (8) that MSMEs use political capital in facing the era of economic and digital disruption with MSMEs groups as an intervening variable have a significant positive effect. This study concludes that social and political capital has an important role in the sustainability of MSMEs in the Era of Economic and Digital Disruption, especially in cooperatives, MSME centers, MSME clusters, and MSME groups.

1. INTRODUCTION

Entering the current era of economic and digital disruption, all parties must increase their ability to adapt to things that are developing [1]. The goal is none other than to survive and continue to compete in the era of economic and digital disruption. Without exception, cooperatives and MSME Associations which consist of MSME centers, MSME clusters and MSME groups that are under the guidance of the Ministry of Cooperatives and MSMEs, MSMEs under the guidance of the Ministry of Cooperatives and MSMEs must be able to adapt and transform in the era of economic and digital disruption. These conditions are carried out so that they can

survive and be sustainable with the key strategy being creativity, innovation, digitization, and collaboration. As of December 2022, there were 20.76 million digital onboarding MSMEs, with a target for 2023 to have 24 million MSMEs will enter the digital ecosystem.

Common problems and needs of cooperatives and MSME Associations are: (1) Limited networking and market access, (2) Low productivity and lack of innovation in product/service development, (3) Limited access to banking and other resources capital, (4) Low quality and ability of human resources, especially in terms of professionalism, (5) Lack of knowledge and awareness of the development and use of technology, (6) Lack of respect for intellectual property rights

as exclusive rights. As a solution step, the government is empowering cooperatives and MSME Associations as well as the government promoting the Proudly Made in Indonesia National Movement (Gernas BBI), facilitating the onboarding of MSME products through the PADI (Digital Market) LKPP/Defense Procurement website, SIREN (platform e-commerce) by SMESCO. Furthermore, the government has even set a policy in the form of allocating 30 percent of public areas for the promotion of MSME products, which is added to this by an allocation of 40 percent of government spending on MSME procurement [2].

The solution from the government is very effective in economic recovery through the strength of economic capital. It should be accompanied by social and political modalities. There is a bias in the orientation of economic modalities that economic recovery is only based on the strength of economic capital without considering social and political modalities [3]. Social modality and political modality are important elements in socioeconomic development. From a sociological perspective, social capital and political capital are important variables in the development of cooperatives and MSME Associations because social attachment will become a capital entity that can be utilized to encourage productivity. These capital entities are referred to as social capital and political capital. The study of social capital and political capital has been developing for a long time, starting with the development of the discipline of sociology [4]. The relevance of social capital and political capital to cooperatives and MSME Associations is at the meeting point that cooperatives and MSME Associations are small-scale people's economies attached to traditional ideology. Social and political performance in cooperatives and MSME Associations is more closely related to professional contours which are full of competition. This can be traced from the interaction patterns of cooperatives and MSME Associations that grow geographically in rural and suburban areas. On the other hand, the social and political performance that is more closely related is also built on its development as a business unit that grows naturally without engineering.

Social and political capital is an important variable for the growth and development of cooperatives and MSME Associations, the impact of small-scale traditionally managed business units so that interaction between MSME becomes more massive MSME has a classic and fundamental problem until now, namely competitiveness [5]. This competitiveness is related to the productivity that arises from innovations that arise from the ability of the workforce, the development of cooperatives and MSME Associations will have an impact on improving people's welfare which has a broad impact on improving the national economy [6].

The purpose of this study is to determine the role of social capital and political capital in increasing the national economy through cooperatives, centers, clusters, and MSME groups to sustain MSMEs in facing the Era of Economic and Digital Disruption.

1.1 Identifiers

1.1.1 Problem identification

From the background above, the identification of the problem is as follows

(1) There are general problems and needs from cooperatives and MSME Associations in facing the era of economic and digital disruption.

(2) There is a bias in the orientation of economic modalities that economic recovery only relies on the strength of economic capital without considering social and political modalities.

(3) Koperasi, MSME Centers, MSME Clusters, and MSME Groups have not maximized their use of social capital and political capital in facing the era of economic and digital disruption.

1.1.2 Formulation of research problems

This research aims to determine the impact of the role of social capital and political capital in increasing national economic growth in Indonesia through cooperatives, centers, clusters, and MSME groups as intervening variables in facing the era of economic and digital disruption.

2. LITERATURE REVIEW

2.1 Social capital

Social capital is a social resource that is seen as an investment to obtain new resources [7]. It is known that something called a resource is something that can be used for consumption, storage, and investment. The resources used for investment are referred to as capital. The capital dimension is quite broad and complex [8].

In the social capital of cooperatives and combined MSMEs, the emphasis is more on group potential, patterns of relationships between individuals in a group in social networks, norms, values and beliefs between each other that are born from group members and become group norms [9]. Therefore, social capital can be one of the main components in driving togetherness, mobility of ideas, trust, and mutual benefit to achieve mutual progress. In cooperatives and MSME associations, social capital [10] is needed to build relationships that can be used as strength in facing the Era of Economic & Digital Disruption, social capital is a resource that arises from the results of interactions within a community, both between individuals and institutions that give birth to emotional bonds in the form of trust, reciprocal relationships, and social networks, values, and norms that shape the structure of society. Social capital is useful for coordination and cooperation in achieving common goals. Indicators of social capital are (1) trust, (2) joint action, (3) responsibility, and (4) having a network.

2.2 Political capital

Political capital [11] is the ability to influence someone in the form of resources to achieve expected goals. Political capital includes organization, connections, voting rights, the power of citizens to change norms and values into standards which are modified into rules, regulations and distribution of resources. what is needed to support the achievement of a goal, the indicators of political capital are (1) Organization, (2) Connections, and (3) Power.

2.3 Cooperatives

A cooperative is an economic organization owned and operated by someone for the common good. Cooperatives base their activities on the principles of the people's economic movement based on the principle of kinship. The indicators of cooperatives are (1) Good Institutional Performance, (2) Good

Business Performance, (3) Good Organizational Performance, and (4) Cooperatives are very beneficial for members and the community.

2.4 MSME centers

MSME center is a certain area or location where there are a number of Micro Enterprises, Small Enterprises and Medium Enterprises that use the same raw materials or facilities, produce the same or similar products, and have prospects as centers for the development of Micro Enterprises [12], Small Enterprises and Businesses. Medium, the indicators for MSME centers are (1) Activity centers in one area, (2) Having the same business, (3) Having the same raw materials, (4) Having the same or similar products, (5) Having specialization in production process, (6) Economic activities are interrelated

2.5 MSME cluster

Groups or business clusters that are interrelated and have the potential [13] for synergy between them in the process mutual learning, utilization of facilities, access to development and utilization of resources (information, technology, raw materials, capital and markets). The indicators of the MSME cluster are (1) The existence of a group of industries, (2) The existence of dynamic social ties, (3) Collaboration increases efficiency and assets, (4) There is innovation in the industry, (5) Collaboration creates competitive advantage.

2.6 MSME group

A group formed by Micro Enterprises, Small Enterprises, and Medium Enterprises based on common needs and are in the same expanse or domicile that has an organizational structure [14]. The MSME group in question is based on the type of business owned, including (1) Furniture, (2) Handcraft, (3) Food/food processing, (4) Tourism, (5) Horticulture/plants, (6) Agriculture, (7) Convection, (8) Fisheries, and (9) Herbal medicine/traditional medicine.

2.7 Economic growth

Economic growth is an aspect that supports and increases the prosperity of the people in a country [15, 16]. The following financial changes are generally supported by technological developments and global market forces. Economic growth is a condition where the people of a country or region experience an increase in income which can be caused by an increase in the production of goods and services. The following developments in production quantities are generally caused by increasingly advanced technology, efficient business innovations and escalation of consumer interest in certain trends [17]. Apart from that, another definition of economic growth is a financial transfiguration procedure that is identical to natural resources, the number of commodities and the financial condition of a country. A situation that can be called economic growth is that the number of unemployed people is recorded as being less than that of workers and there are fewer people below the poverty line [18]. In this regard, one of the benefits that the government feels when economic growth occurs is that development and equitable distribution of community infrastructure can be implemented quickly because per capita income has soared. Apart from that, for MSMEs, economic growth is the first step

to planning business expansion and sustainable resource development in the future [19].

Factors influencing a country's economic growth are: (1) Human resources are one of the factors that influence economic growth. The reason is that these elements can improve or actually harm a country's trading ability. If the quality of human resources decreases drastically, then the next event will be that the number of unemployed will increase rapidly, business bankruptcy will occur and then the poverty level will be much more worrying [20]; (2) The natural resources owned by the country influence the amount of demand for natural resources in the form of exports which greatly impacts the financial condition of the country. In this regard, it is necessary to understand that the amount of natural resource wealth must go hand in hand with an increase in human resources so that economic growth can be achieved. accomplished. An example of economic growth in this case is the balance of export strength and product quality. If companies gradually continue to make improvements, innovate and expand their business, then the condition of natural resources and human resources will move in balance; (3) Technological and educational developments need to be accelerated so that the production of goods or services becomes more efficient. Referring to changes in needs and styles in the global society which is now completely digital, the use of technology should be the Company's main focus; (4) The Inflation Rate and Interest Rates have an influence on economic growth, namely the inflation rate. If there is an increase in the price of raw materials, there will almost automatically be an increase in the company's operational needs. This situation will of course have an impact on employee salaries and most importantly create obstacles for companies. Apart from that, another aspect that determines economic growth [21] is the bank interest rate; (5) Managerial Personnel and Production Organization are important factors for economic growth, namely by using the method of implementing improvements to managerial personnel and production organization, production will increase and have an impact on increasing people's income so as to increase economic growth; (6) Running hand in hand, economic growth and the socio-cultural sector influence each other in their development. Basically, economic growth is based on community activities which include viewpoints, behavior, and even work motivation.

The characteristics of economic growth can be seen from (1) the level of national income, (2) an increase in real income per capita, (3) an increase in population income, (4) an increase in welfare, and (5) a decrease in the unemployment rate.

3. RESEARCH METHODS AND RESEARCH DATA ANALYSIS

This research uses a Mix Method research approach, namely a combination of quantitative and qualitative. By using a combined method, it is hoped that existing hypotheses can complement each other. Qualitative methods always employ scientific logic, whereas quantitative methods always place an emphasis on process analysis of inductive thinking processes related to the dynamics of relationships between observed phenomena [22].

This strategy is an approach to figuring out and deciphering existing information so that we can find out the impact of the

role of social capital and political capital on increasing national economic growth in Indonesia through cooperatives, centers, clusters, and MSME groups as intervening variables in facing the era of economic and digital disruption.

This study uses a sequential mixed methods strategy, especially a sequential explanatory strategy. So, the first stage is conducting interviews and then analyzing quantitative data using Amos' SEM.

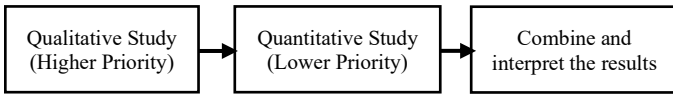


Figure 1. Research methodology

This research methodology begins with qualitative research using informants and triangulation of sources, then to complete the missing data, it is continued with a quantitative method by distributing questionnaires to the sample, then the results are compiled to obtain conclusions (Figure 1).

3.1 Qualitative method

This research uses (1) source triangulation, namely data sources obtained through interviews, observations, documents, or archives, and uses 17 participants from different backgrounds with 1 participant from the Cooperatives and UMKM service, 2 cooperative administrators, 2 UMKM center administrators person, 2 people as UMKM cluster administrator, 2 people as UMKM group administrator, 2 people as cooperative members, 2 people as UMKM center members, 2 people as UMKM cluster members, 2 people as UMKM group members. (2) Method triangulation, namely by using interviews, observation and comparison methods with existing documents, data or archives.

Using an interview guide, what is the impact of the role of social capital and political capital in increasing national economic growth in Indonesia through cooperatives, centers, clusters, and MSME groups as intervening variables in facing the era of economic and digital disruption?

Table 1. Interview guidelines

Research Focus	Informant	Coding
The Impact of Social and Political Capital on the Sustainability of MSMEs in the Era of Economic and Digital Disruption	Department of Cooperatives and MSMEs 1 person	DCMS
	Manager	
	Cooperative: 2 people	Cooperative: MC1, MC2
	MSME Center: 2 people	MSME Center: MMCE1, MMCE2
	MSME Cluster: 2 people	MSME Cluster: MMCH1, MMCH2
	MSME group: 2 people	MSME group: MMG1, MMG2
	Consument	
	Cooperative: 2 people	Cooperative: CC1, CC2
	MSME Center: 2 people	MSME Center: CMCE1, CMCE2
	MSME Cluster: 2 people	MSME Cluster: CMCH1, CMCH2
MSME group: 2 people	MSME group: CMG1, CMG2	

Source: Data Processed

Table 1 interview guide is used as a guide in interviews, 17 informants are needed consisting of 1 person from the cooperative and UMKM department, from the manager of cooperative 2, UMKM center 2, UMKM cluster 2, UMKM group 2, for cooperative 2 customers, MSME center 2, MSME cluster 2, MSME group 2.

3.2 Qualitative method

The semi-structured interview method that the researcher used with the results of the interviews being concluded as follows (1) For MSMEs, social capital and political capital are needed to help increase MSME businesses, for the government social and political capital is an alternative to increasing MSME businesses from a non-profit perspective. material that helps MSME actors in moral support as additional capital in developing their business, there is a positive mental attitude from social capital and political capital that makes MSME actors confident in facing obstacles to the progress of MSME. Based on the research hypothesis, four hypotheses can be obtained as follows

1. Will economic growth increase if SMEs utilize social capital and political capital in facing the era of economic and digital disruption with cooperatives as an intervening variable.
2. Will economic growth increase if SMEs utilize social capital and political capital in facing the era of economic and digital disruption with the MSME center as an intervening variable.
3. Will economic growth increase if SMEs utilize social capital and political capital in facing the era of economic and digital disruption with economic clusters as an intervening variable.
4. Will economic growth increase if SMEs utilize social capital and political capital in facing the era of economic and digital disruption with the MSME group as an intervening variable.

Table 2. Research variable

No	Variable	Indicator
1	Social Capital (X1)	X1.1 Attitude of trust
		X1.2 Joint action
		X1.3 Reactivity
		X1.4 Have a network
2	Political Capital (X2)	X2.1 Organization
		X2.2 Connection
		X2.3 Power
3	Cooperative (Y1)	Y1.1 Good Institutional Performance
		Y1.2 Good Business Performance
		Y1.3 Good Organizational Performance
		Y1.4 Cooperatives are very beneficial for members and the community
4	MSME Center (Y2)	Y2.1 Center of activity in one area
		Y2.2 Have the same business
		Y2.3 Have the same raw materials
		Y2.4 Have the same or similar product
		Y2.5 There is specialization in the production process
		Y2.6 Economic activities are interrelated
5	MSME Group (Y3)	Y4.1 Furniture
		Y4.2 Handcraft

6	MSME Cluster (Y4)	Y4.3	Food/food processing
		Y4.4	Tourist
		Y4.5	Horticulture/crops
		Y4.6	Agriculture
		Y4.7	Convection
		Y4.8	Fishery
		Y4.9	Herbal/traditional
7	Economic Growth (Z)	Y3.1	There is a group of industry
		Y3.2	There is dynamic social attachment collaboration
		Y3.3	Increases efficiency and assets
		Y3.4	Increases efficiency and assets
		Y3.5	There is innovation in the industry
		Y3.6	Collaboration creates a competitive advantage
		Z2.1	National Income
		Z2.2	Real income per capita
		Z2.3	Increasing people's income
Z2.4	Increased welfare in a country		
Z2.5	Reducing unemployment		

Source: Data Processed

Research variables describe the variables in this research, namely Social Capital (X1), Political Capital (X2), Cooperative (Y1), MSME Center (Y2), MSME Group (Y3) and Economic Growth (Z) (Table 2).

3.3 Population and sample

The population in this research is all those supported by cooperative and MSME departments consisting of cooperatives, MSME centers, MSME clusters and MSME groups that have digitized in facing the era of economic and digital disruption, namely 380 MSMEs using the Slovin formula, so 192 MSMEs are used as samples with various backgrounds from various MSME businesses.

3.4 Research framework

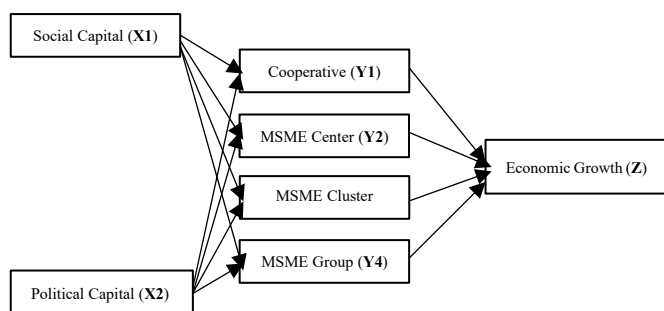


Figure 2. Research framework

From Figure 2 above, the MSME research framework that uses social capital and political capital is expected to increase economic growth using cooperatives, MSME centers, MSME clusters and MSME groups as variables.

4. RESULTS AND ANALYSIS

The results of the validity test can be seen from the construct confirmatory test as follows coefficient<0.05. The legitimacy test capabilities to test the degree to which the estimating instrument (instrument) utilized can quantify the markers or

factors examined. there are 43 inquiries addressing all factors to be tried for quality. The consequences of the legitimacy and unwavering quality are 40 inquiries which are the examination instruments handled utilizing AMOS 20 with the arrangements that the instrument can be supposed to be substantial assuming that it has a connection coefficient <0.05. The consequences of the legitimacy test should be visible from the build corroborative test as follows coefficient<0.05, as mentioned in Table 3 below, that all indicators are good.

Table 3. Confirmation test results from research

Goodness of Fit	Cut off Value	Result	Description
Chi-square	11,07	10,372	good
Probability	≥0,05	0,072	good
CMIN/DF	≤2,00	1,763	good
GFI	≥0,90	0,995	good
AGFI	≥0,90	0,965	good
TLI	≥0,95	0,963	good
CFI	≥0,90	0,905	good
RMSEA	≤0,08	0,077	good

Source: Data Processed

In view of Table 4, it is realized that every pointer shaping the variable shows results that meet the measures, in particular $CR \geq 1.96$ with $likelihood \leq 0.05$. Based on these findings, it is possible to assert that the variables' indicators are significant indicators of the research's factors, namely (1) Social Capital, (2) Political Capital, (3) Cooperatives, (4) MSME center, (5) MSME Group, (6) MSME cluster, and (7) Economic growth. As a result, we can conclude that the structure of the Impact of Social and Political Capital on the Sustainability of MSMEs in the Era of Economic and Digital Disruption can be accepted.

Table 4. Variable regression processing results

	Estimate	S.E.	C.R.	P	Label
Y1 <---	X1	0.086	2.801	0.004	0.657
Y2 <---	X1	0.732	4.477	0.005	0.008
Y4 <---	X1	-0.303	0.342	-0.885	0.376
Y3 <---	X1	-0.092	0.088	-1.053	0.292
Y1 <---	X2	0	0.013	-0.004	0.997
Y2 <---	X2	0.264	2.486	0.002	0.287
Y4 <---	X2	0.217	4.445	0.007	0.958
Y3 <---	X2	0.044	2.936	0.003	0.453
Z <---	Y1	-1.923	4.73	-0.406	0.684
Z <---	Y2	-0.093	0.087	-1.067	0.286
Z <---	Y4	0.105	0.082	1.28	0.201
Z <---	Y3	0.746	0.755	0.988	0.323
X1.3 <---	X1	1			
X1.2 <---	X1	1.713	0.319	5.376	***
X1.1 <---	X1	1.436	0.268	5.355	***
X2.3 <---	X2	1			
X2.2 <---	X2	1.488	0.315	4.731	***
X2.1 <---	X2	1.599	0.338	4.732	***
Y1.1 <---	Y1	1			
Y1.2 <---	Y1	14.895	33.393	0.446	0.656
Y1.3 <---	Y1	14.829	33.235	0.446	0.655
Y2.1 <---	Y2	1			
Y2.2 <---	Y2	0.81	0.069	11.71	***
Y2.3 <---	Y2	0.693	0.088	7.849	***
Y4.3 <---	Y4	1			
Y4.2 <---	Y4	0.566	0.176	3.222	0.001
Y4.1 <---	Y4	-0.073	0.117	-0.628	0.53
Y3.3 <---	Y3	1			
Y3.2 <---	Y3	2.058	1.755	1.172	0.241
Y3.1 <---	Y3	0.969	1.065	0.91	0.363

Z1	<---	Z	1			
Z2	<---	Z	1.265	0.451	2.801	0.005
Z3	<---	Z	1.468	0.506	2.903	0.004
X1.4	<---	X1	1.485	0.295	5.027	***
Y1.4	<---	Y1	17.902	40.104	0.446	0.655
Y2.4	<---	Y2	0.137	0.096	1.431	0.153
Y2.5	<---	Y2	0.426	0.097	4.41	***
Y2.6	<---	Y2	0.454	0.1	4.523	***
Y4.4	<---	Y4	0.366	0.143	2.569	0.01
Y4.5	<---	Y4	0.34	0.146	2.338	0.019
Y3.4	<---	Y3	1.862	1.632	1.141	0.254
Y3.5	<---	Y3	3.516	2.801	1.255	0.209
Y3.6	<---	Y3	2.867	2.348	1.221	0.222
Y3.7	<---	Y3	2.936	2.426	1.21	0.226
Y3.8	<---	Y3	5.695	4.477	1.272	0.203
Y3.9	<---	Y3	5.647	4.445	1.27	0.204
Z4	<---	Z	0.11	0.265	0.415	0.678
Z5	<---	Z	-0.478	0.272	-1.756	0.079

Source: Data processed

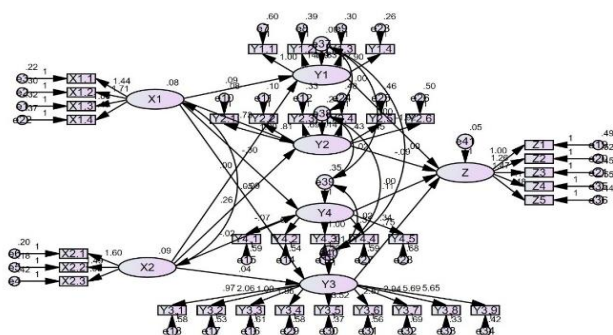


Figure 3. Structural Equation Modeling (SEM) analysis

In Figure 3, Structural Equation Modeling (SEM) Analysis is used as quantitative analysis, as for hypothesis testing is by analyzing the value of the Critical Ratio (CR) and the Probability (P) value of the data processing results, compared with the required statistical limits, which are above 1.96 for the CR value and below 0.05 for the P value, if the data processing results show a value that meets these conditions, the proposed research hypothesis can be accepted, it can be seen in Table 4 that in this study eight hypotheses were proposed and showed values that met the requirements, for a discussion of each hypothesis is as follows:

(1) Will economic growth increase if SMEs utilize social capital in facing the era of economic and digital disruption with cooperatives as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use social capital in facing the era of economic and digital disruption with cooperatives on the intervening variables that produce CR 2.801>1.96 and P 0.004<0.05. Thus it can be said that MSMEs use social capital in facing the era of economic and digital disruption with cooperatives as an intervening variable that has a significant positive effect, namely Social capital or trust is needed by cooperatives to do business with the trust mechanism of existing members in cooperatives needed to do business.

(2) Will economic growth increase if SMEs utilize social capital in facing the era of economic and digital disruption with MSME centers as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use social capital in facing the era of economic and digital disruption with MSME Centers on the intervening variables that produce

CR 4.477>1.96 and P 0.005<0.05. Thus it can be said that MSMEs use social capital in facing the era of economic and digital disruption with MSME centers as an intervening variable that has a significant positive effect, That is, social capital is needed in MSME centers with requirements for competition, especially on price, in MSME centers in the form of a system of togetherness with a division of labor that already exists in MSME centers so that MSMEs that are members of MSME centers have product specialization so that social capital is needed.

(3) Will economic growth increase if SMEs utilize social capital in facing the era of economic and digital disruption with economic clusters as intervening variables?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use social capital in facing the era of economic and digital disruption with the MSME Cluster on the intervening variables that produce CR 0.342<1.96 and P-0.885<0.05. Thus it can be said that MSMEs use social capital in facing the era of economic and digital disruption with the MSME Cluster as an intervening variable that does not have a significant positive effect, namely Social capital is not needed in the MSME cluster because the MSME cluster has similar businesses and with various rules, the MSME cluster provide members to jointly build and grow MSME clusters.

(4) Will economic growth increase if SMEs utilize social capital in facing the era of economic and digital disruption with the MSME group as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use social capital in facing the era of economic and digital disruption with the MSME group on the intervening variables that produce CR 0.088<1.96 and P-1.053 <0.05. Thus it can be said that MSMEs use social capital in facing the era of economic and digital disruption with the MSME group as an intervening variable. There is no significant positive effect, namely social capital is not needed in the MSME group because the MSME group has not yet formed an organizational structure that is not binding so there is still competition in price.

(5) Will economic growth increase if SMEs utilize political capital in facing the era of economic and digital disruption with cooperatives as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use political capital in facing the era of economic and digital disruption with cooperatives on the intervening variables that produce CR 0.013<1.96 and P-0.004<0.05. Thus it can be said that MSMEs use political capital in facing the era of economic and digital disruption with cooperatives as an intervening variable. There is no significant positive effect, that is, cooperatives do not need political capital because cooperatives prioritize kinship so that members trust the management.

(6) Will economic growth increase if SMEs utilize political capital in facing the era of economic and digital disruption with MSME centers as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use political capital in facing the era of economic and digital disruption with cooperatives on the intervening variables that produce CR 2.486>1.96 and P 0.002<0.05. Thus it can be said that MSMEs use political capital in facing the era of economic and digital disruption with MSME centers as an intervening variable that has a significant positive effect, namely Political capital is needed for MSME centers to support the

sustainability of MSME centers with political capital expected to cooperate with various parties and support to get a project.

(7) Will economic growth increase if SMEs utilize political capital in facing the era of economic and digital disruption with economic clusters as intervening variables?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use political capital in facing the era of economic and digital disruption with the MSME cluster on the intervening variables that produce $CR\ 4.445 > 1.96$ and $P\ 0,007 < 0.05$. Thus it can be said that MSMEs use political capital in facing the era of economic and digital disruption with the MSME cluster as an intervening variable that does not have a significant positive effect, namely Political capital is not needed in the MSME cluster because the MSME cluster already has an organizational structure and there is already an agreement in implementing business together.

(8) Will economic growth increase if SMEs utilize political capital in facing the era of economic and digital disruption with the MSME group as an intervening variable?

In view of the table in section P above, there is an expansion in financial development assuming that MSMEs use political capital in facing the era of economic and digital disruption with the MSME group on the intervening variables that produce $CR\ 2.936 > 1.96$ and $P\ 0.003 < 0.05$. Thus it can be said that MSMEs use political capital in facing the era of economic and digital disruption with the MSME group as an intervening variable that has a significant positive effect, namely Political capital is needed for the progress of MSME groups to get various facilities in doing business together with groups, political capital in need as business continuity in obtaining various conveniences and various facilities in raising MSME groups.

5. RESEARCH CONCLUSIONS

The results of this research are:

(1) MSMEs use social capital in facing the era of economic and digital disruption with cooperatives as an intervening variable that has a significant positive effect.

(2) MSMEs use social capital in facing the era of economic and digital disruption with MSME Centers as an intervening variable that has a significant positive effect.

(3) That MSMEs use social capital in facing the era of economic and digital disruption with the MSME Cluster as an intervening variable has no significant positive effect.

(4) MSMEs use social capital in facing the era of economic and digital disruption with the MSME group as an intervening variable No significant positive effect.

(5) MSMEs use political capital in facing the era of economic and digital disruption with cooperatives as an intervening variable No significant positive effect.

(6) MSMEs use political capital in facing the era of economic and digital disruption with MSME centers as intervening variables having a significant positive effect.

(7) MSMEs use political capital in facing the era of economic and digital disruption with the MSME cluster as an intervening variable that has no significant positive effect.

(8) MSMEs use political capital in facing the era of economic and digital disruption with the MSME group as an intervening variable that has a significant positive effect.

6. RECOMMENDATION

(1) It is hoped that the Office of Cooperatives and MSMEs will empower MSMEs, especially those related to licensing and product certification, and provide special services using the business incubator method for MSMEs for cooperatives.

(2) Cooperatives pay more attention to technological developments so that the products they produce can compete with products on the market.

(3) For MSME centers, it is hoped that they can collaborate with various MSMEs that have product interests.

(4) For the MSME Cluster, it is hoped that it will be able to invite collaboration with MSMEs that have product interest so that collaboration between various MSMEs can be created.

(5) For MSME groups, it is hoped that they can collaborate with government agencies or other agencies so that they can improve product quality so that their products can compete with other products.

(6) For future researchers, external factors will be added in the form of government or internal policies related to the lack of capital literacy or MSME product development literacy.

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