MSME SUSTAINABILITY: EVIDENCE FROM A GUSJIGANG-BASED CULTURAL AND DIGITAL APPROACH

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Abstract. *This study aims to examine the influence of brand awareness, financial literacy, and social media utilization on the sustainability of Micro, Small, and Medium Enterprises (MSMEs) in Kudus, Central Java, based on the local Gusjigang philosophy.*
A mixed-methods approach was used, involving a survey of 200 MSME actors combined with qualitative data from interviews, observations, and FGDs. The analysis employed Structural Equation Modeling (SEM) using AMOS 26. The results show that brand awareness ($\beta = 0.244$, $p < 0.001$), social media utilization ($\beta = 0.249$, $p < 0.001$), and financial literacy ($\beta = 0.214$, $p < 0.001$) significantly influence MSME sustainability. The R^2 value of 0.310 indicates the existence of other contributing factors outside the model.
This study introduces a cultural approach to MSME development by embedding Gusjigang values into the sustainability framework. Findings suggest the importance of culturally grounded strategies in strengthening MSME resilience, particularly through branding, digital engagement, and financial capability.

Keywords: *Brand Awareness, Financial Literacy, Social Media, SMEs Sustainability, Gusjigang*

I. Introduction

Abiding et al (2020) argued that one of the backbones of Indonesia's economy is Micro, Small, and Medium Enterprises (MSMEs). These enterprises significantly contribute to reducing unemployment levels across the country. The MSME sector has become a primary focus in national economic development strategies, aiming to optimize Indonesia's vast economic potential. MSMEs play a vital role in economic growth by creating job opportunities, absorbing labor, and serving as a buffer during times of economic crisis. Given their crucial role, support from various stakeholders is essential to develop and empower MSMEs to become independent, modern, and financially accessible entities.

Kudus is a small city rich in diversity, including religion, occupations, trade, and culture. Historically, Kudus was home to two of the Walisongo saints who spread Islam on the island of Java. One of them, Sunan Kudus, introduced the philosophy of "Gusjigang", an acronym derived from the Javanese words bagus (good character), ngaji (Quranic study), and dagang (trading). This philosophy has become deeply rooted in the lives of the Kudus community, inspiring the people to engage in ethical and spiritually grounded entrepreneurship. As a result, trade and MSMEs have become the primary economic drivers of the region.

Sumekar et al (2020) found this entrepreneurial spirit is further supported by the region's industrial development. Kudus has experienced rapid regional growth, partly due to its strategic geographical location, which borders Pati, Jepara, and Grobogan Regencies. The trade sector in Kudus contributes 25.17% to the Gross Regional Domestic Product (GRDP), ranking second after the industrial sector. This clearly illustrates the vital role of trade as a key economic engine of Kudus. With strong geographical advantages and local resources, Kudus is a major contributor to foreign exchange through indirect export activities.

Despite their importance, MSMEs often face delays in development (Widiawati, 2020), largely due to unresolved structural issues or "closed-loop problems", such as limited human resource capacity, ownership challenges, financing constraints, marketing difficulties, and poor business management (Surya and Agung, 2020), (Anastasiska et al., 2021). One critical issue is the low level of accounting literacy among MSME actors, which affects business operations and financial management. A solid understanding of accounting is essential to ensure sound business practices (Abdullah and Rosita, 2014). In addition to accounting skills, financial literacy is also crucial. Many MSME operators in Kudus still exhibit poor financial management practices, as evidenced by the common habit of mixing personal and business finances (Manik et al., 2022).

Jannah and Zakky (2019) argued that another issue faced by MSMEs in Kudus is the lack of innovation and product development. Many MSME owners simply follow existing market trends without offering unique or updated products, resulting in reduced consumer interest. Moreover, the majority especially informal MSMEs have not utilized social media effectively, thereby missing out on technological advancements. Alongside social media utilization, brand awareness plays a critical role in business sustainability. Brand awareness refers to consumers' ability to recognize and recall a brand, associating it with specific product categories. Repeated exposure increases brand familiarity, which is generally more effective for recognition than for brand recall (Edward, 2016), (Hair et al., 2011)

II. Literature Review

Micro, Small, and Medium Enterprises (MSMEs) play a critical role in Indonesia's national economy. According to government statistics, MSMEs contribute over 60% to Indonesia's Gross Domestic Product (GDP) and employ more than 97% of the national workforce (Abidin et al., 2020). They have proven to be resilient in the face of crises, such as the global financial crisis and the COVID-19 pandemic (Sarwono et al., 2022). In regions such as Kudus, Central Java, MSMEs not only function as economic drivers but also serve as a representation of the community's local values, particularly those rooted in the philosophy of Gusjigang.

Gusjigang, an acronym derived from the Javanese terms bagus (good moral character), ngaji (religious study), and dagang (entrepreneurship), is a cultural legacy left by Sunan Kudus, one of the Walisongo. This philosophy reflects the harmonious integration of faith, ethics, and business practice among the Kudus community. In the entrepreneurial context, Gusjigang forms a type of social capital that strengthens entrepreneurial ethics and community-based economic sustainability. Previous studies have shown that such local wisdom fosters business resilience and shapes distinct competitive advantages in MSMEs (Sumekar et al., 2023).

Brand awareness is essential in shaping consumers' perceptions and buying decisions. Emini and Zaqiri (2021) defined brand awareness as the ability of consumers to recognize and recall a brand under various conditions. For MSMEs, increasing brand awareness is often a challenge due to limited marketing resources and a lack of formal business training. However, successful brand positioning and repeated exposure have been shown to significantly improve customer retention and long-term business sustainability. Developing a solid brand identity is, therefore, crucial in an era of highly competitive markets and digital consumer behavior.

In the digital era, social media has transformed how MSMEs communicate, market, and build customer relationships. Platforms such as Facebook, Instagram, and TikTok offer cost-effective and accessible marketing tools for small business owners. Research indicates that the strategic use of social media positively impacts business continuity, particularly among youth-driven MSMEs. Despite these advantages, many MSMEs in rural and semi-urban areas like Kudus remain underutilized in digital marketing due to digital illiteracy and lack of guidance (Gustafon and Chabot, 2007). Therefore, social media adoption must be reinforced through training and mentorship programs tailored to the needs of local entrepreneurs.

Financial literacy defined as the ability to make informed and effective financial decisions is an essential competency for business sustainability (Meitriana et al., 2021). MSME owners with strong financial literacy are more likely to practice sound budgeting, cost control, capital management, and profit reinvestment strategies (Sari and Kusumawati, 2022). In Kudus, low financial literacy remains a challenge; many entrepreneurs continue to mix personal and business finances, lack formal bookkeeping systems, and are unfamiliar with savings and investment strategies.

The Sustainability Maturity Model proposed by Baumgartner and Ebner (2010) offers a comprehensive framework to assess the sustainability level of organizations across economic, social, and environmental dimensions. The model enables MSMEs to identify gaps in strategy and develop structured approaches to achieve long-term sustainability. In the context of Gusjigang-based MSMEs, this model aligns with the cultural and ethical dimensions of entrepreneurship. Integration of brand awareness strategy, social media adoption, and financial literacy within this framework provides a multidimensional pathway for achieving sustainable business practices.

Most existing studies examine brand awareness, social media, and financial literacy in isolation. Very few have explored their combined impact on MSME sustainability, particularly within a local philosophical framework such as Gusjigang. This research addresses that gap by constructing an integrated model that considers cultural values, marketing strategy, digital engagement, and financial management. The findings are expected to contribute both theoretically by expanding the discourse on culturally driven MSME sustainability and practically, by offering policy recommendations for stakeholders in regional economic development.

III. Research Method

Research Design
The study employs a mixed-methods design, integrating quantitative and qualitative approaches. It begins with a survey and ethnographic observation among MSME entrepreneurs in Kudus, Central Java.
Sampling
A total of 200 MSME operators were selected using purposive sampling, based on the criteria of having been in business for at least three years. Participants represent diverse sectors, including food & beverages, handicrafts, fashion, batik, eco-print, and traditional products.
Data Collection
(1) Quantitative data: obtained via structured questionnaires administered in the field.
(2) Qualitative data: gathered through ethnographic observation, in-depth interviews, and Focus Group Discussions (FGDs) involving key stakeholders: Kudus MSME Forum, Gusjigang Association, BAPPEDA, the Cooperative & MSME Office, and the Entrepreneurship Study Center at Muria Kudus University.
Participatory Action Research (PAR)
A PAR approach was implemented to pilot, assess, and refine the proposed strategic model in collaboration with stakeholders.
Data Analysis
(1) Descriptive statistics: mean, median, mode, standard deviation.
(2) Structural Equation Modeling (SEM): used to test hypothesized relationships, implemented with AMOS 26

CONCEPTUAL FRAMEWORK

1. Sustainability Theory and Research Perspective
   This study adopts Sustainability Theory as the core framework for analyzing business continuity among MSMEs. The theory views sustainability as the capacity of enterprises to operate and grow over time by balancing economic viability, social responsibility, and environmental concern. For MSMEs in Kudus, sustainability is also shaped by local values, specifically the Gusjigang philosophy which emphasizes ethical conduct (bagus), religious knowledge (ngaji), and entrepreneurship (dagang). These values form the cultural backbone that influences how local entrepreneurs operate sustainably.
2. Brand Awareness and Business Sustainability
   Brand awareness is considered a key marketing factor that influences consumer recognition and long-term business growth. MSMEs with strong brand awareness are more likely to develop customer loyalty, establish a unique identity, and achieve competitive advantage. In the context of MSMEs in Kudus, brand awareness serves as an important mechanism to differentiate traditional products like jenang Kudus, Batik Kudus, and Gebyok in an increasingly digital market.
3. Financial Literacy and Business Sustainability
   Financial literacy enables MSME owners to make informed decisions about budgeting, saving, borrowing, and investing. In many small enterprises, particularly in rural or semi-urban settings, a lack of financial literacy has led to mismanagement of funds, including mixing personal and business finances. By improving financial knowledge, MSMEs in Kudus can better manage capital, reduce financial risks, and ensure the long-term sustainability of their enterprises.
4. Role of Social Media in MSME Development
   Social media platforms such as Instagram, Facebook, and WhatsApp offer cost-effective tools for product promotion, customer engagement, and brand building. Despite its potential, many MSMEs in Kudus have not fully leveraged social media due to technological gaps or limited digital literacy. This research examines how effective use of social media can enhance visibility and contribute to the sustainability of MSMEs, particularly among informal business actors.
5. Proposed Conceptual Framework
   Based on the literature and field context, this study proposes a model where brand awareness, financial literacy, and social media utilization positively influence MSME business sustainability. The framework integrates Sustainability Theory with cultural grounding (Gusjigang philosophy) to reflect the unique entrepreneurial landscape of Kudus.
6. Research Hypotheses
   H1: Brand awareness has a positive and significant effect on MSME business sustainability.
   H2: Financial literacy has a positive and significant effect on MSME business sustainability.
   H3: Social media utilization positively influences MSME business sustainability.

Results and Discussion

Structural Model and Hypothesis Testing (Inner Model)

a. Coefficient of Determination (R^2)

Variabel	R Square	R Square Adjusted
Strategi Brand Awareness (X1)	0,310	0,305

Table 3. Coefficient of determination

The R^2 value for the dependent variable, Business Sustainability (Y), is 0.310, which indicates that 31% of the variance in business sustainability is jointly explained by the independent variables: brand awareness, social media utilization, and financial literacy.

b. Hypothesis Testing (Path Analysis)

Hypothesis	Path Coefficient	T Statistics	P Values	Conclusion
X1 -> Y	0,244	4,854	0,000	Supported
X2 -> Y	0,249	5,294	0,000	Supported
X3 -> Y	0,214	4,280	0,000	Supported

Table 4. Hypothesis testing

AMOS output revealed that all three hypotheses were supported, with significant t-statistics and p-values below 0.001.

Interpretation and Discussion

The structural model analysis indicates that all independent variables brand awareness strategy (X1), social media utilization (X2), and financial literacy (X3) have a positive and statistically significant influence on the dependent variable, MSME business sustainability (Y). This conclusion is supported by the hypothesis testing results, where each path coefficient shows a T-statistic greater than 1.96 and a p-value less than 0.05, confirming the acceptance of all three hypotheses.

First, the influence of brand awareness strategy on business sustainability showed a path coefficient of 0.244, with a T-statistic of 4.854 and a p-value of 0.000, indicating a strong and significant effect. This finding is in line with Emini and Zaqiri (2021)) assertion that brand awareness not only helps consumers recognize a brand, but also builds trust and value perception, fostering long-term customer loyalty. In the context of MSMEs in Kudus, brand recognition is essential in establishing identity and differentiation, especially when competing with more commercially dominant products from outside the region.

Second, social media utilization demonstrated the strongest influence among the three variables, with a path coefficient of 0.249, a T-statistic of 5.294, and a p-value of 0.000. This confirms that social media is a vital tool for MSMEs to reach wider markets, engage with customers, and promote their products in a cost-efficient and interactive manner. This finding supports previous research by Surya (2020) and Anantasiska et al. (2021), which emphasized the crucial role of digital platforms in the post-pandemic development of MSMEs. In Kudus, although some MSMEs are using social media effectively, many especially informal businesses still lack the digital skills and strategic mindset to optimize their presence on these platforms.

Third, financial literacy was also found to significantly affect business sustainability, with a path coefficient of 0.214, a T-statistic of 4.280, and a p-value of 0.000. This highlights the importance of financial knowledge in managing business resources, budgeting, and making strategic decisions. These findings reinforce those of Aribawa (2016) and Abdullah and Chong (2014), who argued that financial literacy is critical for MSME performance and survival. Many business owners in Kudus still do not separate personal and business finances, lack formal recordkeeping, and have limited understanding of long-term investment planning, all of which limit their potential for sustainable growth.

IV. Conclusion

Although all three variables were found to have a significant effect, the R^2 value of 0.310 suggests that the model explains only 31% of the variance in MSME business sustainability. This means there are other potential influencing factors not included in this study, such as innovation capability, access to funding, entrepreneurial experience, market competition, and government policies. Future research should consider incorporating these elements to provide a more comprehensive view.

Overall, the findings suggest that enhancing MSME sustainability requires an integrated approach. Improving branding strategies, digital engagement, and financial skills are key, but efforts should also acknowledge and integrate local cultural values. The philosophy of Gusjigang, which emphasizes morality, religious knowledge, and entrepreneurship, offers a valuable foundation for building sustainable businesses that are rooted in ethics and community identity. The fusion of cultural heritage and modern business practices can create a distinctive model of resilience and competitiveness for regional MSMEs in Indonesia.

are arranged in the form of flowing paragraphs, not in the form of concluding points. The conclusion contains research findings and an explanation of the novelty of research findings, namely novelty in terms of theory, formulas, postulates, prototypes, or other types of novelty. Conclusions also explain the implications of research findings.

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