

## Strengthening the Competitiveness of MSMEs after the Covid 19 Pandemic (Case Study: Producers of Luti Gendang)

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### ABSTRACT

Due to the Covid-19 pandemic, many MSMEs in Indonesia have been hit hard. Whereas MSMEs is a sector that has a major contribution to the Indonesian economy. In addition to the incentives provided by the government for the recovery of MSMEs, they are also required to innovate and come up with new strategies in an effort to increase their competitiveness after the Covid 19 Pandemic. To accommodate this, the diamond's porter model was developed as a trigger for formulating strategies to strengthen MSMEs competitiveness. The results of the study determine 3 factors of SME competitiveness including production factors, demand conditions factors, and supporting industry factors by 11 indicators. The production factor is the factor with the highest weight (0.4), meaning that it is the most important than the other 2 factors in increasing competitiveness. Of the 30 strategy formulations for MSMEs X, there are 2 superior strategies that can be carried out by MSMEs X, they are creating customer trust through brand characteristics (0.007) and maintaining consistency in the quality of supply of raw materials in order to produce consistent quality (0.0066). These two strategies can be a concern for MSMEs X in increasing its competitiveness Post-Pandemic Covid 19.

**Kata Kunci:** Competitiveness, Diamond's Porter, Marketing, MSMEs

### Introduction

#### 1.1 Micro, Small and Medium Enterprises (MSMEs) Understandings

In Indonesia, amount of micro, small and medium enterprises is very large. In 2021 it shows that it has reached 65.5 million, which is the largest number when compared to countries in ASEAN [1]. MSME regulations are recognized and regulated in Law no. 20 of 2008 concerning micro, small and medium enterprises.

The categorization of MSMEs is also regulated in Law No. 20 of 2008, there are 3 categories contained in it, namely the micro category, the small category and the medium category. Categorization is based on the number of annual turnover and the asset value of business, which is the micro business category, the maximum total asset of 50 million and a maximum turnover of 300 million. The small category has assets ranging from 50 – 500 million and turnover ranging from 300 million – 2.5 billion. While the medium category, which has assets ranging from 500 million - 10 billion and turnover ranging from 2.5 - 50 billion. In addition to these 2 criteria, the World Bank added 1 other criterion, namely the number of employees in which the micro category has fewer than 10 employees, the small category

has 10-49 employees, while the medium category has 50-300 employees [2].

#### 1.2 MSMEs in Pandemic Covid 19

The Covid 19 pandemic in Indonesia in March 2020 had tremendous implications for the economy in various business sectors. Many large companies are effective at laying off employees and even terminating their jobs. Moreover, small-scale MSMEs, because of restrictions on Community activities, have reduced or even non-existent demand for products. This has definitely meant that MSME players have been affected by the COVID-19 pandemic. Exploration of results from BPS data, Bappenas, and World Bank report that many MSMEs cannot repay loans, employees' wages and other transactions such as electricity payments [3]. The COVID-19 pandemic finally made MMSMEs unable to survive and was forced to stop operations due to their inability to finance operations.

Although MSMEs currently dominate the Indonesian state, they are of particular concern to the central government because they make a major contribution to the economy[4]. MSMEs recovery is one of four strategies to address the threat of the COVID-19 pandemic and the government strategy in restoring MSMEs is providing incentives with the National Economic Recovery (PEN) program

for 2 years, in 2020 and would be continuing in 2021 with a total of Rp 112.84 trillion for more than 30 million MSMEs in 2020 [5]. In the meantime, in 2021, incentives will increase to \$121.9 billion for a sustainable recovery.

Under this support, MSMEs still need to be required to improve their innovation in order to survive and enhance their competitiveness. MSMEs must produce goods and services that respond to community needs. MSMEs must also use competitive strategies with new ideas. Reinforcing various lines of MSMEs has become an issue in the successful recovery of MSMEs from the COVID-19 pandemic.

### 1.3 Diamond Porter's Competitiveness Concept

The competitiveness of goods must be a concern for each producer. This is critical to the survival of the product in the marketplace. Competitiveness refers to the ability of a product to enter and survive the market [6]. The more competitive a product is, the more customers will demand it. According to Porter, competitiveness is not something which can be inherited, but which is created. Essentially, there are four factors that support an enterprise's competitiveness [7]. The factors are as follows:

a) Strategy factors, structure, and level of competition between businesses.

Strategy is an action formulated to achieve goals[8], which determines business competitiveness. Porter revealed that the structure of the industry has an effect on determining the competitive rules of the game which can ultimately provide profits for businesses. So it is very necessary to design a competitive strategy in an effort to achieve the goal [9]

b) Factors of business conditions.

Condition factors include matters related to the availability of sources of raw materials, sources of labor, sources of capital, technology, location, knowledge, and product costs [10].

c) Demand factor

The presence of demand can encourage business owners to innovate to increase their competitiveness. Demand can also stimulate the supply chain, prompting companies to concentrate on producing goods that customers really need [11].

d) Business-related and supporting business factors.

Cooperation between companies in a mutually supportive effort is a driver of competitiveness. When a business is competitive, other trade actors working together will also have a competitive advantage. These related and related business drivers can be measured from multiple elements, including commodity suppliers, financial institutions and promotional media [7].

### 1.4 Previous Research

The concept of competitiveness has been adopted by several researchers with different factor indicators adjusting the object of their research. To be brief, it is shown in the table.1. According to previous research, the factors taken into account to measure competitiveness vary according to the various research objects. To measure the competitiveness of MSMEs products, it is also recommended that appropriate factors be used to achieve the objective of increased competitiveness. Thus, this study will use the diamond porter concept developed by Rustain et al (2020) [12] as a measurement basis for the reason that the modification of the model is very simple and capable enough to measure competitiveness. The difference in this research is the adjustment of indicators to measure competitiveness factors.

## Methodology

This research is qualitative in nature with survey techniques to identify existing conditions and to experts plus literature studies to formulate a strategy to increase competitiveness with a case study of MSMEs producer Luti Gendang brand X. The methodology for achieving this goal can be seen in Figure 3 below:

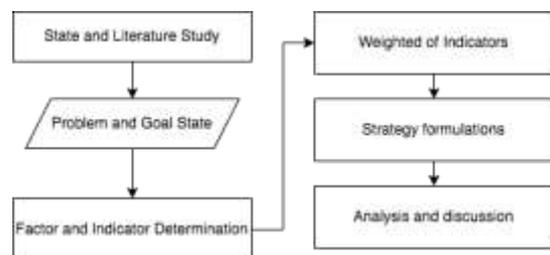


Figure 3. Research Flow

A detailed explanation of the research flowchart above as follows:

#### 1. Field studies and literature

The field study aims to explore the problems faced by MSMEs in general during the Covid 19 pandemic. The technique used in exploring this information is a survey to MSMEs owners as the object of the case study. As a material for a deeper study, this stage is also used any literature for understanding MSMEs in general in order to be affectively and accurately exploration.

#### 2. Problem formulation and goals

After the field study and literature study were carried out, a problem formulation was produced which was described in the background, namely MSMEs during the Covid 19 pandemic and the Diamond's Porter Concept. Focus of this research in an effort to accommodate the problem is to increase the competitiveness of MSMEs.

#### 3. Determination of factors and indicators

Determination of competitiveness factors and indicators are intended to determine indicators to measure each factor. In addition, factors and indicators will form the basis. for formulating strategies to increase competitiveness. Based on the results of the literature study, this research adopts the Diamond's Porter concept which was developed by Rustain [12] covering production factors, demand conditions, and related and supporting industries.

#### 4. Indicator Assessment

Indicator assessment aims to determine the weight of the importance of the indicators. The weight will be calculated based on the assessment of 3 respondents on a scale of 1 -5. Each respondent will give his opinion about the importance or not of the indicator.

#### 5. Strategy formulation

Strategy formulation is carried out to determine what actions can be taken by MSMEs for Luti Gendang Products to increase their competitiveness in the future. This stage is preceded by exploring the condition of MSMEs using the Strength, Weakness, Opportunity and Threat (SWOT) method. Exploration is carried out using a Focused Group Discussion (FGD)

technique to MSMEs owners. Furthermore, the strategy is formulated by 3 experts by taking into account the determinants of competitiveness. The resulting strategies are then weighted with the aim of producing an array of strategies from very important strategies to less important strategies.

#### 6. Analysis and Discussion

The last stage will be carried out in analyzing the results of data and information collection descriptively to highlight the existing conditions competitiveness of MSMEs for Luti Gendang Products. Then, discuss the strategies that can be carried out by MSMEs for Luti Gendang Products in the future so that their competitiveness in the post-Covid-19 pandemic increases.

## Results and Discussion

### Operationalization of Porter's Diamond Competitiveness Concept

The diamond porter concept in the study refers to the model developed by Rustian [12] which includes 3 main factors, namely production factors, demand conditions, and related and supporting industry factors in measuring current competitiveness conditions. The next measurement indicator can be seen in table 2.

Table 1. Previous Research

No	Researcher		Object	Propose	Factor
1	Priastudi, et al (2014)	[13]	Organic Vegetables	Conduct a competitive analysis of competitiveness factors and analyze strategies to increase competitiveness.	<ul style="list-style-type: none"> <li>• Condition factor</li> <li>• Demand factor</li> <li>• Related industries and industries</li> <li>• Industry competition</li> <li>• Government factor</li> <li>• Opportunity factor</li> </ul>
2	Ia Arga Dhelia, et al (2018)	[14]	Bandeng Industry	Identify the factual state of the milkfish industry, and analyze it.	<ul style="list-style-type: none"> <li>• Condition factor</li> <li>• Demand factor</li> <li>• Related and supporting industry factors</li> <li>• Company strategy, structure, and competition.</li> </ul>
3	Rustain, et al (2020)	[12]	General MSMEs	Analyzing the influence of production factors, demand conditions, and related and supporting industries on competitiveness.	<ul style="list-style-type: none"> <li>• Factors of Production</li> <li>• Demand Condition Factors</li> <li>• Related and Supporting Industry Factors</li> </ul>
4	Putra, et al (2018)	[15]	Creative Industry	Analyzing the potential competitiveness of the footwear industry and formulating alternative strategies in an effort to increase competitiveness.	<ul style="list-style-type: none"> <li>• Factors of Production</li> <li>• Demand Condition Factors</li> <li>• Related and Supporting Industry Factors</li> <li>• Strategy factors, structure, and level of competition</li> <li>• Opportunity factor</li> <li>• Government Factor</li> </ul>
5	Winarti, et al (2019)	[16]	PIK Pulo Gagung MSMEs	Measurement of competitiveness of several variables using multiple linear regression analysis.	<ul style="list-style-type: none"> <li>• Human resource factors</li> <li>• Capital Factor</li> <li>• Marketing Factor</li> <li>• Government support factor</li> </ul>

Table 2. Results of Determination of Factors and Indicators.

No	Factors and indicators	Sources
1	Production factor <ul style="list-style-type: none"> <li>• Human resource</li> <li>• Raw Material source</li> <li>• Internal financial sources</li> <li>• Production infrastructure/technology</li> </ul>	[12] [14] [15] [13]
2	Demand condition factor <ul style="list-style-type: none"> <li>• Market access</li> <li>• Market segment</li> <li>• Market Expansion</li> <li>• Market technology Adobtion</li> </ul>	[12] [17][17] [18]
3	Related and supporting industries Factor <ul style="list-style-type: none"> <li>• Raw material supplier</li> <li>• External Financial Supporting</li> <li>• Promotion media</li> </ul>	[12]

a. Production factor

This study focuses on SME production, so the factors of production have a relationship with the competitiveness of MSMEs. The results of the analysis show that there is a significant influence of production factors on the competitiveness of MSMEs which is measured based on indicators of human resources and production raw materials [12]. Capital resources are needed for production MSMEs to increase production assets such as production equipment [19]. Also, financial capital is an important aspect that needs to be considered in the measure of competitiveness [14]. Financial capital can be used by MSMEs in supporting the fluctuating costs of production raw materials due to scarcity in this case, for example, tuna and flour as raw materials. main. In order to have high competitiveness in regional and national markets, MSMEs must be able to meet the number of market demands. MSMEs owners revealed that after the Covid 19 Community Activity Restrictions (PPKM) were imposed, product demand began to increase. This implies that there is a need to increase production in line with increasing demand. If MSMEs are able to meet all demands, then they have the opportunity to be able to dominate the market in the sense of not providing opportunities for other competitors to enter the market. This increase in production needs to be supported by the existence of a capable production infrastructure/technology. It has been proven that technology is able to increase 6 times the amount of production. Thus, infrastructure/technology can be used as an indicator of factors of production [20] and had not been considered in previous models then would be consider to this research.

b. Demand Condition Factor

Demand conditions describe the state of consumer interest in products and services. The existence of demand encourages producers to strategize in capturing several requests from consumers. This requires producers to innovate, in the sense that demand is a stimulus that then provides benefits for producers. This demand condition can be measured based on market segments, market access, and market development [12]. In this study, adopting these indicators by adding marketing technology indicators because it is felt that it is important to be accommodated by MSMEs luti gendang in the digital era to increase demand conditions. With digital marketing technology, MSMEs provide information and interact with consumers to maintain and increase demand levels[18].

c. Related and Supporting Industry Factors

Cooperation needs to be built both with external parties related to the supply of raw materials, finance, product marketing, and so on. Cooperation that exists with related parties can help the success of the existence of MSMEs. Related and supporting industry factors can be measured based on 3 indicators including raw material providers, financial institutions, and promotional media [7]. These three indicators were adopted as indicators in measuring the industry and supporting factors in this study. The conceptual framework in this research can be seen in Figure 1.

**Competitiveness indicator weight**

This initial analysis aims to determine the weight of the indicator effect of the three factors that affect competitiveness. The assessment was carried out by 3 respondents consisting of academics who focus on developing MSMEs. a questionnaire was submitted to the three respondents with a rating scale of 1 - 5. the results of the assessment can be summarized in the following table:

From the table above, it can be seen that the highest weight is in the production factor with a total weight of 0.4. Respondents responded to this figure by revealing that production conditions were the initial impact that supported competitiveness. To reach a wide market, a lot of demand, as well as compete with other similar products needs to strengthen production conditions. if further explored, human resources are indicators that are considered important in supporting good production conditions. High employee productivity can be a mainstay for MSMEs in strengthening the production sector at a time when the amount of demand is increasing at a time. not only that, but the source of raw materials is also another fulcrum with the second highest weight.

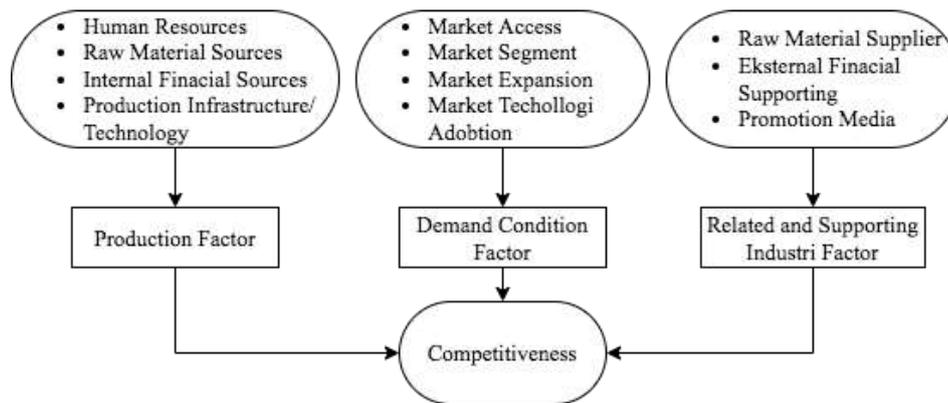


Figure 1. Conceptual Framework

Table 3. Weight of Importance of Indicators

Code	Factors and Indicators	Score					Average Score	Weight
		1	2	3	4	5		
Factor Condition Production								
A1	Resource Man				2	1	04.33	00.11
A2	Source Raw Material			1	1	1	04.00	00.10
A3	Source Internal Finance			2		1	0,172	00.09
A4	Infrastructure / Technology		1		1	1	0,172	00.09
Factor Condition Request								
B1	Market Access	1	1			1	0,130	00.07
B2	Market Segment				3		04.00	00.10
B3	Market Expansion	1	1		1		02.33	00.06
B4	Market Technology				2	1	04.33	00.11
Factor Condition Industry support / related								
C1	Provider Raw Material			3			03.00	00.08
C2	Financial institutions supporter	1			2		03.00	00.08
C3	Promotional media		1			2	04.00	00.10
Total							39	

Based on the results of the overall weighting of the data, the other 3 indicators that have the highest weight are market technology, market segments, and promotional media. In the digital era, it has become a necessity for MSMEs to adapt marketing technology to attract consumer attention, maintain relationships with other consumers, and provide information to consumers. There are great opportunities in the application of technology, especially information technology, in reaching market segments locally and globally [21]. Using technology, it will reduce the limitations of MSMEs, this has been proven during the Covid-19 pandemic, forcing MSMEs to adopt technology in order to be able to maintain their existence [22]. Market technology and products will be known more widely and can maintain the loyalty of existing customers. Second, market segment indicators are considered necessary to MSMEs focused. A narrow market segment will make it difficult for MSMEs to develop, while market competition is getting stronger due to the entry of other competitors in the industry. third, collaborating with promotional media is currently necessary for an effort to accelerate the product introduction stage towards the growth stage

(growth) and even the maturity stage. Because, collaboration between stakeholders needs to be carried out optimally in order to increase the competitiveness of MSMEs, which of course is a mutual collaboration [23].

### Characteristics of MSMEs X

MSMEs X is a producer of Luti Gendang which is known as Malay specialties located in Batam City. Currently, this MSMEs is belong to personal and has been operating for 6 years. the number of workers is as many as 5 people with maximum high school education. So, this MSMEs is categorized as micro business. The age of the workforce is stretched from 24 - 40 years. The number and qualifications of this workforce are felt to be sufficient to meet business needs considering that the production process is carried out manually without having to require special skills for all processes. The special skills needed are only in the process of wrapping the bread, but this skill will be masterfully carried out as the employee works longer.

The main raw materials of production include tuna fish and flour obtained from traditional markets. Other raw materials include

box-shaped packaging with brands obtained by partnering to get economical prices. Of the few raw materials, tuna is a raw material that is not always available in traditional markets given the weather conditions that cause the fish supply to be unavailable. this causes business owners to be on standby to monitor the availability of tuna in traditional markets. Another barriers that the price of tuna as the main raw material is unstable. This affects the amount of production and the target of achieving profits by MSMEs X.

The Covid-19 Pandemic period was felt as a hard time for MSMEs X. During the pandemic, owners were forced to stop production operations. owned and partner outlets had to be closed due to the lockdown and lay off employees for 6 months. The owner of MSMEs X then started by recalling one of his employees to do the production. The business owner's strategy is to utilize online media to sell products. this strategy is felt to be quite effective in helping businesses recovery with demand increasing by more than 100% before the pandemic. in addition, offline sales are not so optimal. considering a large number of online requests, distribution and promotion are still handled directly by business owners.

MSMEs X really has a very good potential to develop, considering its age of 6 years. this hints that the product is well known and even has customers who are limited to the minimum in Batam City. This is realized by business owners where the market segment has begun to be

redeveloped not only by entrepreneurs. Another thing that is recognized is that there has been a demand from outside Batam City. however, the owner has not realized it given its limitations in several factors. Therefore, MSMEs X still focuses on the regional market and competes with similar products.

SWOT analysis includes efforts to recognize the strengths, weaknesses, opportunities, and threats that determine the company's performance. In helping to recognize the existing condition of MSME X, an FGD is carried out with the owner of MSMEs X. The results of the SWOT analysis can be summarized in the following table 4.

### Exploring strategies to strengthen MSMEs X Competitiveness

Strengthening competitiveness needs to be important in efforts to develop MSME X. After knowing the strengths, weaknesses, opportunities, and threats, a strategy for strengthening competitiveness can be formulated and then formulated based on respondent opinions by referring to 11 indicators of strengthening the competitiveness of diamond porters.

The formulation of the strategy is obtained from the SWOT analysis, the strategy formulation aims to take advantage of strengths and opportunities and minimize weaknesses and threats. With the strategy, it is hoped the owners can increase their competitiveness after the pandemic covid 19.

Table 4. SWOT Exploration of MSMEs X

Category	Description
Strengths	1. Easy-to-find raw materials
	2. Human resources do not require higher education.
	3. MSMEs products are already known as the fruits of Batam City's hands
	4. The brand is widely known by the people of Batam City
	5. Clear market segment.
	6. Products are easy to find in the outlet/mall in Batam city
	7. Have loyal customers
Weakness	1. Not yet able to accommodate the number of seasonal requests
	2. Still rely on manual processing by humans.
	3. Have not used digital-based marketing media optimally.
	4. Products are perishable.
	5. There has been no government participation, both material and non-material.
	6. Capital sourced from internal
	7. Quality standards are not yet available
Opportunity	8. The product is perceived to have significant differences from other similar products.
	1. The interest of enthusiasts from outside the city began to exist.
	2. Ease of product distribution by sea and air
	3. Ease of product introduction through online media.
	4. Government support in increasing the competitiveness of MSMEs
	5. Emerging technology
	6. Diverse cooperation model for a large selection of partners
Threats	7. Products are sought after by not only tourists.
	1. The number of production is reduced because employees are not present
	2. Crappy customer reviews in online media.
	3. Resources do not understand the importance of maintaining quality.
	4. Unable to meet the number of requests
5. Many competitors have the same product without a brand	

Table 5. Strength – Opportunity Strategy

Indicator	Code	Strategy
A1	SO1	Standardization work is based on skills for reducing processing time that is not needed [S2, O1]
A2	SO2	Provide standard ingredients raw for producing quality products _ so that could be accepted by the national market [S1, O1]
A3	SO3	Internal allocation of funds at the facility capable of production _ increases capacity production [S1, O5]
B2	SO4	Make product superior drum luti from other with power pull special as identity brand owned by SMEs [S 5, O 3]
	SO5	Building trust current market segment this based on the Support government [S5, O4]
B3	SO6	supply products at typical souvenir outlets outside city of Batam [S5, O1, O2, O3]
B4	SO7	Utilization of special media that can weave connection good to loyal customers minimal social media group or application web-based or mobile. [S 7, O 5]
	SO8	The use of online media in an effort introduction products outside _ city Batam [S3, S5, O5]

Table 6. Weakness- Opportunity Strategy

Indicator	Code	Strategy
A4	WO1	Adopt process technology such as the frying process and standardized packaging. [W2, O5]
B1	WO2	Building a chain model supply for reach outside market city Batam [W3, O1, O2]
B2	WO3	Build a brand with characteristic typical product order brand could reach the target segment by max [W 3, O 3]
	WO4	Review the effectiveness moment this and potential other market segments. [W 8, O 6]
	WO5	Use technique right promotion _ in alluring new market segment [W3, O7]
B3	WO6	Take advantage of advertisements paid through social media [W 3,O 3]
	WO7	Active media social in guard existence product. [W3, O3]
C1	WO8	To do cooperation with suppliers of tuna that can ensure freshness and price best. [W4, W7, O6]
C2	WO9	Could submit financing institutional finance for increase process capability and quality product [W 4, W 6, O6]

	WO10	Reaching out the Support finance for Grant facility production by the government-related [W6, O4]
C3	WO11	Cooperate with a partner with a co-branding model to increase demand [W 3, O 2, O6]
	WO12	Cooperation in an effort to reach new market segments [W8, O7]

Table 7. Strength – Threats Strategy

Indicator	Code	Strategy
	ST1	Prepare employees the backup could work time certain for work profession light. [S2, T1 ]
	ST2	Give education to the employee about important guard quality products of the production process. [S2, O3 ]
A1		provide product stock so accompanied _ enhancement amount employee or working hours employee for production as effort maintain service levels. [S2, T4]
	ST3	Emphasis on market segments regarding superiority product through the slogan printed on the banner, or other visual media on the outlet nor advertisement paid. [S3,S4,T5]
B3	ST4	Provide product claim service for customers at all outlets. [S6, T2, T3]
B4	ST5	

Table 8. Weakness- Threats Strategy

Indicator	Code	Strategy
A1	WT1	Employees need to consistent guard production process quality products [W2, T2, T3]
A2	WT2	Guard consistency supply ingredient quality raw materials [ W7, T3]
B1	WT3	Try to reach all areas in the city Batam with fine, so no give opportunity for competitor enter in the same effort. [W8, T5]
B2	WT4	give the best service to create trust _ customer to the product through the characteristic typical brand. [W8, T5]
C2	WT5	External capital strengthening in non-operational financing in order to reduce involvement owner effort in non-operational activities, so that could focus on the effort development effort. [W8,T1,T4,T5]

### The Composition of Priority Strategies for Strengthening MSMEs X

Based on the results of the exploration, 30 strategies have produced that can be carried out by owners to increase the competitiveness of their business after the Covid-19 pandemic. A large number of strategies need to be structured based on strategic priorities. This preparation is carried out by weighting each strategy. In this case, the arrangement of priorities is carried out by comparing each strategy in a number of ways by 3 respondents. The method used is AHP with the help of Expert Choice software. The weight obtained is then multiplied by the importance of the indicator weight. The final weights along with the ratings are presented in the following table 9.

From the results of the weighting, it can be seen that providing the best service in order to create customer trust in the product hammering brand characteristics (WT4) is the top priority in increasing product competitiveness. This strategy needs to be applied by MSMEs X to the target market segment considering the weakness of the product, which is not significantly different from other same products. Currently, Luti Gendang products are not only produced by MSMEs X but also produced by other MSMEs and even produced

another micro-business on the street. Considering that this product is a typical Malay meal, of course, this competition will be experienced continuously by the owners of MSMEs X. Thus, services must be really done well so that it becomes a good impression for the MSMEs X drum brand on the market segment. So, it would make customer repurchase the product[24].

Utilization of digital marketing is still a shortcoming for MSMEs X. Even though digital marketing in the digital era has been useful for reaching out the market segment by introducing and attracting the attention of the broad market to buy MSMEs X product. Hence, digital media should be utilized effectively since now. There are opportunities that can be utilized so that the use of this online media be more effective including using partnership with a fixed cooperation model as a good opportunity for MSMEs X. Strategies that can be done to accommodate this opportunity are to collaborate with business partners with a co-branding model (WO11). With this strategy, effectively increase competitiveness for both brand [25] and able to increase the market share more broadly.

Table 9. Rank strategies for strengthening competitiveness

Indicator	Weight Indicator	Code	Strategy Weight	Final Weight	Priority
A1	0.11	SO1	0.007	0.00077	29
A2	0.1	SO2	0.01	0.001	26
A3	0.09	SO3	0.01	0.0009	27
B2	0.1	SO4	0.014	0.0014	23
		SO5	0.013	0.0013	24
B3	0.06	SO6	0.014	0.00084	28
		SO7	0.017	0.00187	18
B4	0.11	SO8	0.021	0.00231	17
A4	0.11	WO1	0.03	0.0033	13
B1	0.07	WO2	0.024	0.00168	20
		WO3	0.042	0.0042	10
B2	0.1	WO4	0.05	0.005	5
		WO5	0.044	0.0044	9
B3	0.06	WO6	0.02	0.0012	25
		WO7	0.027	0.00162	21
C1	0.08	WO8	0.023	0.00184	19
		WO9	0.037	0.00296	16
C2	0.08	WO10	0.049	0.00392	12
		WO11	0.06	0.006	3
C3	0.1	WO12	0.05	0.005	6
		ST1	0.007	0.0007	30
A1	0.11	ST2	0.029	0.00319	14
		ST3	0.041	0.00451	8
B3	0.06	ST4	0.052	0.00312	15
B4	0.11	ST5	0.014	0.00154	22
A1	0.11	WT1	0.042	0.00462	7
A2	0.11	WT2	0.06	0.0066	2
B1	0.07	WT3	0.056	0.00392	11
B2	0.1	WT4	0.07	0.007	1
C2	0.08	WT5	0.066	0.00528	4

Another strategy that is the first 5 priorities is strengthening external capital in non-operating financing (WT5). Using only the internal capital owned today makes MSMEs X owners limited to accommodate any aspect including additional resources, market access, technology, and so on. In fact, funds are an important need to develop a business towards a wider market and with high competitiveness. Businesses are expected to continue to exist even though diverse strategies are a threat. In addition, the current market segment needs to be revised, paying attention to how effective this market is and another market potential (WO5). It is feared that the market segment has been effective again to become a target market, such as during the Covid-19 pandemic, where the number of tourists has decreased. If keep trying to reach tourists, it is very likely that MSMEs X will stop because of sales disrupted. Looking for other potential market segments must be carried out so that MSMEs X is able to operate even though post-pandemic it is possible for the previous market segment to return. This means that the previous market segment can be reached again.

### Conclusion

Based on the results of this study, it can be concluded several things as follows:

1. The developed model is able to use for competitiveness strategy identification for micro business. Additional indicator like the market technology is useful to consider not only for medium business. And so, the competitiveness of micro business is also able to increase toward larger business.
2. There are 3 competitiveness factors covering production factors, condition factors, and related or supporting industry factors. The highest weight of the three factors is the production factor with a weight of 0.4 which indicates that this factor is the most influential in increasing the competitiveness of MSMEs. Of the three factors, there are 11 indicators, which are human resources and market technology, which are the indicators with the highest weight, namely 0.11 each. This means that these two indicators are important to be the concern of MSMEs X to increase their competitiveness. The strategy carried out to strengthen this indicator must be thoroughly selected and applied properly.
3. Based on the SWOT results, 30 strategies can be obtained that MSMEs X can carry out by paying attention to indicators to increase competitiveness. Of the 30 strategies, there are 5 priority strategies that can be carried out first by MSMEs X, including first, creating a customer's sense of trust for the product through brand characteristics. Second, maintaining consistency in the supply of raw

materials in an effort to produce consistent product quality as well. Third, is the maximum use of digital media to reach both the national and national market segments. Fourth, financial strengthening from external parties to increase non-operational financing capital. The fifth is to evaluate the current market segment which is accompanied by exploring the potential of other market segments.

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