

STRATEGIES FOR INCREASING THE COMPETITIVENESS OF MICRO SMALL AND MEDIUM ENTERPRISES (MSMEs) IN BANYUMAS DURING THE COVID-19 PANDEMIC

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Abstract: *MSMEs have become the backbone and buffer zone that saves the country from the economic downturn. However, the current COVID-19 pandemic has left many MSMEs helpless. One by one they fell quickly. They lost their market due to the weakening of people's purchasing power due to the decline in economic activity during large-scale social restrictions in a number of areas. The impact of this pandemic was also felt by Banyumas Regency, whose MSMEs were also affected. So that a strategy to increase the competitiveness of MSMEs in Banyumas is needed to survive during the covid-19 pandemic. The purpose of this study is to find out strategies to increase the competitiveness of SMEs. Knowing the strengths, weaknesses, opportunities, and threats of SMEs. Knowing the problems in MSMEs and strategies to increase MSME competitiveness to achieve high competitiveness. This study uses descriptive methods and SWOT analysis to obtain a strategy to increase the competitiveness of MSMEs during the covid-19 pandemic. MSMEs in Banyumas Regency is located in square I, meaning that in this position MSMEs in Banyumas Regency are very supportive of aggressive growth strategies to gain company advantages in order to compete with other business entities.*

Keywords: *MSMEs, Competitiveness, SWOT, Covid-19 pandemic*

1. Introduction

One of the development priorities in the Government Work Plan (RKP) is the development of Micro, Small and Medium Enterprises (MSMEs). This is based on the fact that MSMEs have contributed a lot to the national economy. The development of Micro, Small and Medium Enterprises (MSMEs) is very strategic, because of its great potential in driving the economic activities of the community, and at the same time being the main source of income for the majority of the community in improving their welfare. (Ariani et al, 2017). Micro, Small and Medium Enterprises (MSMEs) have become an important part of the national economic system that is able to accelerate economic growth through the mission of providing business and employment opportunities, increasing community income, playing a role in increasing foreign exchange earnings and strengthening the national economic structure (Hafni & Rozali, 2017) .

Based on data from the Ministry of Cooperatives and Small and Medium Enterprises in 2016-2018, the business unit indicators from 2016 to 2018 have increased in number. As for the labor indicator, it has increased in number, namely from 2016 to 2018 it has increased continuously. The first largest contributor to the indicators of business units and labor comes from micro-enterprises. The second and third ranks respectively are occupied by small and medium-sized enterprises, both in terms of business units and labor indicators.

Every year the number of MSMEs is getting bigger. In 2010, the number of MSMEs spread across the country reached 52.8 million businesses. Five years later it rose to 59.3 million. And in 2018 the total number of MSMEs was 64.2 million businesses. With this amount, MSMEs contribute 60.3% of Indonesia's total gross domestic product (GDP). In addition, micro, small and medium enterprises absorb 97% of the total workforce and 99% of the total employment.

The condition of SMEs Before the COVID-19 pandemic was experienced quite well by almost all business actors. However, during the COVID-19 pandemic, things turned around. 56.8% of MSMEs are in bad condition, only 14.1% of MSMEs are still in good condition. The majority of MSMEs or as many as 82.9% experienced a negative impact from this pandemic. Only a small percentage of 5.9% of the perpetrators actually experienced a positive impact. This pandemic has even caused 63.9% of the affected MSMEs to experience a decline in turnover of more than 30%. Only 3.8% of MSMEs experienced an increase in turnover.

According to data from the Department of Industry, Trade, Cooperatives and Micro, Small and Medium Enterprises in Banyumas Regency, there are 527,000 UMKM in Banyumas Regency. Of that number, only 10 percent were affected. Most of those affected are the fashion, culinary, and craft business sectors. Seeing the condition of MSMEs in Banyumas, strong competitiveness is needed to survive in the midst of the current COVID-19 pandemic.

2. Literature Review

Micro, Small and Medium Enterprises (MSMEs)

Based on the Law on Micro, Small and Medium Enterprises (UU UMKM) of the Republic of Indonesia Number 20 of 2008 Article 1 points (1), (2), and (3) the definition of UMKM is as follows:

Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises as regulated in this Law. The criteria for these micro-enterprises are regulated in the MSME Law Article 6 paragraphs (1), (2), and (3) as follows:

- 1) Have annual sales of a maximum of IDR 30,000,000.
- 2) The types of goods or business commodities are not always fixed, they can change at any time.
- 3) The place of business is not always fixed, it can change places at any time.
- 4) Have not done even simple financial administration, and do not separate family finances from business finances.
- 5) Human resources (entrepreneurs) do not yet have an adequate entrepreneurial spirit.
- 6) The average level of education is relatively very low.
- 7) Generally, they do not have access to banking, but some of them have access to non-bank financial institutions.
- 8) Generally do not have a business license or other legal requirements including NPWP.

Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly of a medium or large business that meets the business criteria. small as referred to in this Law. The criteria for this Small Business is to have annual sales of more than IDR 30,000,000 – IDR 100,000,000. The differences between this small business and other businesses are as follows:

- 1) Small businesses do not have a bookkeeping system, which causes small entrepreneurs to not have sufficient access to support banking services.
- 2) Small entrepreneurs have difficulty in increasing their business, because the technology used is still semi-modern.
- 3) Limited ability of small entrepreneurs in developing their business.

Competitiveness

Competitiveness is an important factor that cannot be avoided in the economic cycle. Especially in the process of producing goods and services carried out to meet market demand. The term competitiveness, although at least it has been "started" by the concept of comparative advantage by Ricardo since the 18th century, is now receiving greater attention, especially in the last three decades. As stated by Garelli, this multidimensional concept allows for a variety of definitions and measurements so it is not surprising that the development of views and discussions on competitiveness has not escaped criticism and debate (Garelli, 2003).

According to the Organization for Economic Co-operation and Development (OECD), competitiveness is the ability of companies, industries, regions, countries, or between regions to produce relatively high and sustainable income and employment factors to face international competition. Because industrial competitiveness is a phenomenon at the micro-enterprise level, the national industrial development policy is preceded by reviewing the industrial sector as a whole as a basis for measuring it.

The measurement of competitiveness can also be seen from several perspectives. According to Gal (2010), increasing competitiveness can be measured in terms of performance. However, from a comprehensive perspective, competitiveness can be measured in terms of its impact until the final results have been achieved. It is said to be a competitive object.

High competitiveness is also very necessary in conditions of competition with global markets such as the implementation of the Asean Economic Community. This condition will provide challenges but can also obtain opportunities, so that MSMEs are required to increase their competitiveness. Susilo (2012) stated that the main key is MSMEs themselves, especially MSME owners with the support of their workers.

The results of the qualitative study in the previous stage then need to be confirmed quantitatively with the aim of obtaining a more valid and reliable model of MSME competitiveness. Nagy (2016, p.446-453) states that the concept of MSME competitiveness will be very different from the concept of competitiveness of large companies, which currently have many measuring tools. Therefore, the need for measuring the competitiveness of SMEs is still very much needed. The model generated from this study will then be used to develop a tool for measuring the competitiveness of SMEs in the next study. This measuring tool aims to see aspects that need to be improved in developing MSMEs in an area.

Based on Lantu et al (2016), there are six main variables that shape the competitiveness of MSMEs in a province, namely the availability and conditions of the business environment, business capabilities, policies and infrastructure, research and technology, financial support, and partnerships, and performance variables.

3. Research Method

This research is a survey research, namely collecting information about the strengths, weaknesses, opportunities, and threats of MSMEs, factors that influence the development of

MSMEs, problems, strategies in increasing the competitiveness of MSMEs through interviews and filling out questionnaires. This research is a quantitative research because the questionnaire will be quantified by SWOT analysis

The data collection technique used in this study is a questionnaire method, which is a way of collecting data by providing or distributing a list of questions to respondents, in the hope that they will respond to the list of questions (Umar, 2000). Dissemination of questions regarding issues related to increasing the competitiveness of SMEs, as well as strategies for increasing the competitiveness of SMEs.

Respondents in this study were MSME actors in Banyumas Regency and related parties in the development of MSMEs. The sample of respondents was taken using the purposive random sampling method, which is done by taking samples from the population based on certain criteria at random (Sugiyono, 2006).

4. Result

During the research, data was obtained from the results of discussions in In-depth Interview with stakeholders related to increasing the competitiveness of MSMEs in Banyumas during the covid-19 pandemic. Analysis of the data will find problems and solutions to these problems. The problem that will be handled is the strategy to increase the competitiveness of MSMEs in Banyumas during the COVID-19 pandemic based on a SWOT analysis.

The data obtained and analyzed are as follows:

1. Internal Aspect

Internal aspects are used to find out the strengths and weaknesses that are considered important. Data and information on internal aspects of MSMEs were obtained by interviewing MSME stakeholders. Data and information are provided by MSME stakeholders by looking at what aspects they think to affect the development of MSMEs.

The following are the internal aspects:

- 1) MSMEs in Banyumas already have a product catalog
- 2) MSME products in Banyumas have consistency and continuity
- 3) Most of the MSME products already have a permit/already legal
- 4) MSME products have started to partner with medium and large retailers
- 5) Small and limited MSME capital
- 6) The quality of MSME products has not been able to compete for
- 7) Traditional marketing promotion
- 8) Simple financial management
- 9) Limited human resources

2. External Aspect

External Aspects are used to identify opportunities and threats that are considered important. Data and information on internal aspects of MSMEs were obtained by interviewing MSME stakeholders. Data and information are provided by MSME stakeholders by looking at what aspects they think to affect the development of MSMEs.

The following are external aspects:

- 1) Opportunity to take advantage of online marketing
- 2) MSMEs can survive and thrive if the government opens the tourism sector again

- 3) The MSME sector, especially souvenirs, will bounce back if road closures begin to reopen
- 4) Prolonged pandemic conditions have affected MSMEs
- 5) People are reluctant to travel because they are afraid of being exposed to Covid-19
- 6) Threats from foreign products
- 7) Competition with big businesses that have big capital
- 8) The threat of free trade

SWOT MATRIX

<p>EXTERNAL FACTORS</p> <p>INTERNAL FACTORS</p>	<p>Strength – S</p> <ol style="list-style-type: none"> a. MSMEs in Banyumas already have a product catalog b. MSME products in Banyumas have consistency and continuity c. Most of the MSME products already have a permit/already legal d. MSME products have started to partner with medium and large retailers 	<p>Weaknesses - W</p> <ol style="list-style-type: none"> a. Small and limited MSME capital b. The quality of MSME products has not been able to compete c. Traditional marketing promotion d. Simple financial management e. Limited human resources
<p>Opportunity – O</p> <ol style="list-style-type: none"> a. Opportunity to take advantage of online marketing b. MSMEs can survive and thrive if the government opens the tourism sector again c. The MSME sector, especially souvenirs, will bounce back if road closures begin to reopen 	<p>SO Strategy</p> <ol style="list-style-type: none"> a. MSME development through the use of online marketing b. Optimization of MSMEs during the pandemic through adjustment of government policies c. Strengthening MSME partnerships with other stakeholders and partners (Large business) 	<p>WO Strategy</p> <ol style="list-style-type: none"> a. The government provides facilities for capital that can help MSMEs. b. Improving the quality of MSME products so that they can compete with other products. c. Optimization of MSMEs through improved financial management a. d. Selective recruitment of MSME human resources
<p>Threat – T</p> <ol style="list-style-type: none"> a. Prolonged pandemic conditions have affected MSMEs b. People are reluctant to travel because they are afraid of being exposed to Covid-19 c. Threats from foreign products 	<p>ST strategy</p> <ol style="list-style-type: none"> a. Optimization of MSMEs through adaptation during the pandemic. b. Increased socialization and education related to MSME products to the public c. Strengthening partnerships with 	<p>WT Strategy</p> <ol style="list-style-type: none"> a. Explore the potential for capital from investments from large companies or the government. b. Increased promotion of MSME products c. Improving MSME cooperation with other business entities

d. Competition with big businesses that have big capital	stakeholders and applying the principle of mutual business building.	d. Improving the quality of human resources through education and training according to the times
e. Threat of free trade	d. Conduct limited bazaars or expos to introduce MSME products.	

Table 1

EFAS

MSMEs in Banyumas

External strategic factors	Weight	Rating	Score
Opportunity			
a. Opportunity to take advantage of online marketing	0,20	4	0,8
	0,16	4	0,64
b. MSMEs can survive and thrive if the government opens the tourism sector again	0,20	3	0,60
c. The MSME sector, especially souvenirs, will bounce back if road closures begin to reopen			
Threat	0,15	4	0,6
a. Prolonged pandemic conditions have affected MSMEs	0,14	4	0,56
b. People are reluctant to travel because they are afraid of being exposed to Covid-19	0,05	3	0,15
	0,03	2	0,06
c. Threats from foreign products	0,04	3	0,12
d. Competition with big businesses that have big capital			
e. Threat of free trade			
TOTAL	1		3,53

Table 2

IFAS

MSMEs in Banyumas

Internal strategic factors	Weight	Rating	Score
Strength			
a. MSMEs in Banyumas already have a product catalog	0,14	4	0,56
	0,11	4	0,44
b. MSME products in Banyumas have consistency and continuity	0,10	3	0,3
c. Most of the MSME products already have a permit/already legal	0,12	4	0,48
d. MSME products have started to partner with medium and large retailers			
Weakness	0,16	3	0,48
a. Small and limited MSME capital	0,09	2	0,18
b. The quality of MSME products has not been able to compete	0,15	3	0,45

c. Traditional marketing promotion	0,06	4	0,24
d. Simple financial management	0,07	4	0,28
e. Limited human resources			
TOTAL	1		3,41

FIND POINTS IN SWOT QUADRANT (points x and y)

- Perform subtraction between the total number of factors S with W (d) and factor O with T (e); The acquisition of a number ($d = x$) then becomes a value or point on the X axis, while the acquisition of a number ($e = y$) then becomes a value or point on the Y axis;
- Look for the position of MSMEs indicated by dots (x,y) in the SWOT quadrant.

1. Point Y

External strategic factors	Score
Opportunities (O)	
1. Opportunity to take advantage of online marketing	0,80
2. MSMEs can survive and thrive if the government opens the tourism sector again	0,64
3. The MSME sector, especially souvenirs, will bounce back if road closures begin to reopen	0,60
Total	2,04
Threats (T)	
1. Prolonged pandemic conditions have affected MSMEs	0,60
2. People are reluctant to travel because they are afraid of being exposed to Covid-19	0,56
3. Threats from foreign products	0,15
4. Competition with large businesses that have large capital	0,06
5. Threats from free trade	0,12
Total	1,49
Total difference O – T	0,55

2. Point X

Internal strategic factors	Score
Strengths (S)	
1. MSMEs in Banyumas already have a product catalog	0,56
2. MSME products in Banyumas have consistency and continuity	0,44
3. Most of MSME products already have a	0,30

permit/already legal	0,48
4. MSME products have started to partner with medium and large retailers	
Total	1,78
Weaknesses (W)	
1. Small and limited MSME capital	0,30
2. The quality of MSME products has not been able to compete	0,08
3. Traditional marketing promotion	0,30
4. Simple financial management	0,52
5. Human resources are still limited	0,10
Total	1,30
Total difference S – W	0,48

Based on the calculation results, the position of MSMEs is at a point, namely $x = 0.48$ and $y = 0.55$. This means that the position of MSMEs is in the first quadrant because the values of x and y are all positive. This position indicates a strong and potential MSME. The recommended strategy given is Progressive, meaning that MSMEs are in prime and stable condition so that it is very possible to continue to expand, increase growth and achieve maximum progress.

5. Conclusion

From the results of the internal and external SWOT analysis of MSMEs in Banyumas Regency to obtain a strategy to increase MSME competitiveness, the following conclusions can be drawn:

1. SO Strategy

- MSME development through the use of online marketing
- Optimization of MSMEs during the pandemic through adjustment of government policies
- Strengthening MSME partnerships with other stakeholders and partners (Large businesses)

2. ST Strategy

- Optimization of MSMEs through adaptation during the pandemic.
- Increased socialization and education related to MSME products to the public
- Strengthen partnerships with stakeholders and apply the principle of mutual business building.
- Conduct limited bazaars or expos to introduce MSME products

3. WO Strategy

- The government provides facilities for capital that can help MSMEs.
- Improving the quality of MSME products so that they can compete with other products.
- Optimization of MSMEs through improved financial management
- Selective recruitment of MSME human resources

4. WT Strategy

- Exploring potential capital from investments from large companies or the government.
- Increased promotion of MSME products
- Improving MSME cooperation with other business entities

- d. Improving the quality of human resources through education and training according to the times

After identifying what exists in MSMEs in Banyumas Regency, using a SWOT analysis, namely EFAS, IFAS, and SWOT matrix. Then it is concluded that:

1. MSMEs in Banyumas Regency have a very strategic position to support increasing competitiveness during the COVID-19 pandemic.
2. MSMEs in Banyumas Regency are located in square I, meaning that in this position MSMEs in Banyumas Regency is very supportive of aggressive growth strategies to gain company advantages in order to compete with other business entities.
3. One of the strategies that can be implemented is to strengthen partnerships with stakeholders and apply the principle of building a mutual business together, namely the ST strategy.

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