

Strategies for MSMEs to Achieve Sustainable Competitive Advantage: The SWOT Analysis Method

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Abstract

The essential purpose of this study is to propose strategies for developing micro-, small-, and medium-sized enterprises (MSMEs) to realize sustainable competitive advantage by applying the SWOT analysis method. Thus, the main problems investigated in this study are: a) around 60–70% of MSMEs in Kulonprogo regency do not yet have access or financing from banks; b) lack of knowledge of production technology; c) in general, MSMEs business actors are still incorporated legal entities; d) MSMEs do not have a good financial administration and management system; e) coordination between MSMEs stakeholders has not been integrated; f) limited facilities and infrastructure of MSMEs, primarily related to technological tools; and g) limited access to raw materials so that MSMEs often get low-quality raw materials. This study employed a survey method with questionnaires and interviews. By using the Slovin tools sampling technique, the number of samples was 39 MSMEs in Kulonprogo Regency, Yogyakarta, Indonesia. The results of this study confirmed that the Kulonprogo MSMEs should pay attention to seven aspects of business management to achieve sustainable competitive advantage. The seven aspects are: 1) business strategy; 2) human resources; 3) information technology; 4) products; 5) promotion; 6) cooperation; and 7) corporate social responsibility (CSR).

Keywords: Business Strategy, MSME, Competitive Advantage

JEL Classification Code: L10, L15, L32

1. Introduction

Republic of Indonesia's Presidential Decree No. 99 of 1998 concerning small- and medium-sized enterprises states that it is a small-scale community economic activity with the business sector, the majority of which are small business activities and need to be protected to prevent unfair business

competition. The meaning implies that, when related to small- and medium-sized businesses, the government will protect from licensing to selling to consumers, controlled by the government in authority. According to the Decree of the Minister of Finance 316/KMK.016/1994 dated June 27, 1994, small- and medium-sized enterprises are defined as individuals or business entities that have carried out business activities, with annual sales or turnover of up to Rp600,000,000 or assets as high as Rp600,000,000 (excluding the land and buildings being demonstrated). It consists of a) the businesses of the Firm (Fa), *Commanditaire Vennootschap* (CV), Limited Liability Companies (PT), and Cooperatives; b) individuals (craftsmen/home industries, farmers, ranchers, fishers, forest encroachers, miners, and traders of goods and services).

Small- and medium-sized enterprises (SMEs) can be classified into four groups according to Law No. 20 of 2008, namely, 1) Livelihood Activities: SMEs that are used as work opportunities to earn a living, more commonly known as the informal sector, for example, street vendors; 2) Micro-Enterprise: a SME that has the nature of a craftsman, but does not yet have an entrepreneurial nature; 3) Small Dynamic Enterprise: an SME that already has an entrepreneurial spirit and can accept subcontracting and export work; 4) Fast

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Moving Enterprise: a SME that has an entrepreneurial spirit and will transform into a big business.

Rahman et al. (2012), Jatmiko, Irawan, Machmuddah, and Laras (2020) revealed that SMEs in the manufacturing sector are economic activities that have added value and are highly competitive, not only having comparative advantages, but also competitive advantages so that SMEs can take part in the domestic and international markets. The SME development strategy formulation was based on two approaches, namely, a strategy based on Cartesian SWOT diagram analysis and a combination of SWOT matrix strategies. First, as regards the Cartesian SWOT diagram, the results showed that SMEs are in quadrant IV with a diversification strategy. Implementation of this diversification strategy is the way for SMEs to diversify precision products using CNC, CAD, and CAM technology for spare parts of large industrial machines with a quality that is no less competitive with imported products. Second, based on the analysis of a combination of quantitative strategies, the results showed that the priority strategy that should be applied by SMEs is the ST strategy, which is a strategy of using strength to overcome threats. The implementation of this strategy is to improve product quality through improving the quality of processes and fostering intensive cooperation with suppliers to obtain a supply of raw materials that are of adequate quantity and quality for SMEs. Moreover, the research of Ulfah and Susilo (2013) proved that strategic factors, tactical factors, and operational factors had a positive and significant effect on operational performance, financial performance, and non-financial performance. Operational performance variables had a positive and significant effect on financial performance and non-financial performance. Quality management plays an essential role in improving operational performance, financial performance, and non-financial performance for SMEs. With these results, SMEs should start to realize and implement quality management in every field and activity of the organization.

The obstacles that arise from MSMEs are as follows: a) around 60–70% of MSMEs do not yet have access or financing from banks; b) lack of knowledge of production technology; c) in general, MSME business actors are still incorporated legal entities; d) do not have a good financial administration and management system; e) coordination between MSME stakeholders has not been integrated; f) limited facilities and infrastructure, primarily related to technological tools; and g) limited access to raw materials so that MSMEs often get low-quality raw materials.

2. Literature Review

2.1. Entrepreneurship

According to Hisrich et al. (2005), entrepreneurship is the process of creating something new with risks and benefits.

The meaning implies that in opening a business, a person is based on a new idea from himself to open a business that is different from existing businesses, and all businesses that are opened will be exposed to a risk faced (Camba, 2020; Rojikinnor, Gani, Saleh, & Amin, 2020; Yi, Han, & Cha, 2018). Robbins and Mary (2002) state that entrepreneurship is the process by which an individual or group of individuals uses organized efforts and means to pursue opportunities to create value and grow by meeting desires and needs through innovation and uniqueness about what resource issues are currently controlled. It gives the meaning that the organization is an effort of one or two people to achieve the goal supported by available resources. The resources available here include man, money, method, market, machine, and information. According to Jones and Jennifer (2003), entrepreneurship is the mobilization of resources to seize opportunities to meet customer needs with new goods and services. The meaning also indicates that the organization in a business is not easy, so that the objectives can be achieved. All resources consisting of man, money, methods, market, machine, and information must be driven by the business owner employing existing management principles (plan, do, check, and action) (Safriansyah, Udin, & Adnan, 2019; Yuniawan, Putri, & Udin, 2017; Handayani et al., 2017). According to Timmons and Spinelli (2004), entrepreneurship is a way of thinking, reasoning, and obsessing about opportunities, a holistic approach, and balanced leadership. The meaning implies that the business process is based on the logic of thinking and experience and hobbies that are owned, so the point is someone who opens a business must think holistically from upstream to downstream to achieve goals.

Drucker (1985) outlines aspects of entrepreneurship, including a) the ability to sense business opportunities, namely, the ability to see and take advantage of opportunities to make steps for change towards a better future; b) confidence and being able to be positive toward themselves and their environment, that is, believing that the business they manage will succeed; c) lead behavior, which is able to direct, mobilize others, and is responsible for increasing business; d) have the initiative to be creative and innovative, namely, to have initiatives to create new products/methods that are better quality or in number to be able to compete; e) able to work hard, that is to have a high fighting spirit, work full of energy, persevering, steadfast, carrying out activities to achieve goals without knowing despair; f) broad-minded with a good vision for the future, which is oriented to the future and can predict things that can happen so that the steps taken can already be taken into account; and g) dare to take risks, i.e., like to challenge and dare to take risks even in situations and conditions that are uncertain. The risk chosen is, of course, with careful calculation.

According to Takdir et al. (2015), aspects that need to be considered in determining a business's success are market

and marketing, business techniques/operations carried out, organization and management, and finance.

a. Market and Marketing

According to Suliyanto (2006), the market is the sum of all demand for goods or services by potential buyers. Stanton (2001) defines the market as people who desire satisfaction, money to shop, and a willingness to spend it. The meaning above means that a market is a meeting place for sellers and buyers with the same price agreement. According to Stanton (2001), marketing is the whole system of business activities aimed at planning, pricing, promoting, and distributing goods and services. The meaning can be explained that marketing is a series of sub-systems of producers–agents–retailers–consumers.

b. Business Techniques/Operations

Schroder (1989) explains that an operating strategy is a vision of an operating function that establishes the overall direction or driving force for decision making. Haming and Mahfud (2011) define operations strategy as a tool to realize the company's vision and mission through operations-production activities. Reid and Sanders (2011) convey the definition of an operational strategy, which is a plan such as design determination and use of this resource to support business strategy. Davis and Heineke (2005) state that operating strategies play an essential role in determining a company or organization's success in a long-term set of policies. Thus, the principle of business technique/operation or operation strategy is a dream of a manager/business owner who dreams to realize a unique vision and mission, and there is a period to be achieved, can be understood by employees in producing the number of products that will be produced at stages in accordance with design supported by resources (man, money, method, market, machine, and information).

c. Organization and Management

The organization is the arrangement of people intentionally to achieve a particular goal. Each organization has the following characteristics: 1) A goal, a statement about the goals, vision, and programs the organization wants to carry out; 2) Human Resources is a resource that runs a series of goals that have been set. Thus, the organization consists of humans; if only working alone, it is not an organization; and 3) Organizational Structure, is a structure that is intentionally formed to provide boundaries between rights and obligations for each of the existing resources so that it will facilitate the establishment of working relationships accompanied by rules (Laras, Kresnanto, Raharti, Nurwiyanta, & Wibowo, 2019; Wibowo, 2009). The organization is run by a manager. A manager is a member of the

organization who oversees, directs, integrates, and coordinates the work of other members of the organization. Different levels of management will also distinguish management functions that are carried out. There are two management functions, namely, administrative management and operative management. Administrative management is a management function that deals with setting goals, planning, staffing, and supervising organized activities to achieve specific goals. Whereas, operative management is a management function that is involved in motivating, supervising, and communicating with employees to direct them to achieve effective results (Wibowo, 2009). Fayol (1949) proposed that all managers carry out five management functions, namely: "design, organize, govern, coordinate, and control."

d. Finance

Financial management is all company activities related to how to obtain funds and manage assets according to the company's overall objectives (Harjito & Martono, 2011). According to Sudana (2011), financial management is a finance field that applies financial principles in a corporate organization to create and maintain value through appropriate decision-making and management of resources. According to Sunarta (2001), in managing money in and out of a company, an organization requires accurate planning and calculation. The accuracy of planning the need for money will determine the effective action of a goal. Planning needs that have over-estimated in a certain period will reduce the level of profitability of the company. According to Horne and Wachowicz (2005), the goal of efficient financial management requires the existence of several goals or targets because the assessment as to whether a financial decision is efficient or not must be based on defined standards. The purpose of financial management is to maximize the value of the company (maximizing the prosperity of shareholders) as measured by the company's stock price.

2.2. Business Strategy

A strategy is defined as a process of determining the plans of top leaders who focus on the long-term goals of the organization, accompanied by an arrangement, ways, or efforts so that these goals can be achieved (Marrus, 2001). A strategy is a set of basic or critical choices regarding the goals and manner of business (Child, 1972). According to Alma (2007), the notion of business is aimed at a profit-oriented activity that produces goods or services to meet the community's needs. Business can also be interpreted as an institution that produces goods and services needed by the community (Hadi & Udin, 2021). Skinner (1992) in Madnasir (2007) defines business as the exchange of goods or services mutually beneficial. Business strategy is

a document that clearly articulates the direction the business will pursue and the steps needed to achieve its goals.

2.3. Internal and External Factors

Entrepreneurial interest can be driven by internal factors, namely, factors that originate within the individual and external factors, namely, factors that come from outside the individual or the immediate environment of the individual. Internal factors that can encourage one's interest in entrepreneurship include tolerance to risk, self-success, freedom of work, and family environment (Oktarilis, 2012). Tolerance of risk is how much ability and creativity of someone in anticipating the size of a risk taken to obtain the expected income (Pratiwi, 2013). Tama (2010) argues that the higher a person is in his abilities, the greater his belief in getting results from his decision, and the higher his conviction to try what others see as risks. Another factor is self-success, meaning what is achieved is the achievement of expected work goals, which include satisfaction in work and job comfort (Tama, 2010). Freedom of work is a working model where a person does a little work but gets excellent results (Oktarilis, 2012).

2.4. Competitive Advantage

Competitiveness is the concept of comparing the ability and performance of companies, sub-sectors, or countries to sell and supply goods and or services provided in the market. A country's competitiveness can be achieved from the accumulation of strategic competitiveness of each company (Balanovska, Havrysh, & Gogulya, 2019; Pangarso, Astuti, Raharjo, & Afrianty, 2020). The process of value-added creation is within the scope of the company (Kuncoro, 2007). According to the World Economic Forum, national competitiveness is the national economy's ability to achieve high and sustainable economic growth (Porter, 2001). Porter (2001) explains the importance of competitiveness because of the following three things: (1) encouraging productivity and increasing the ability to be independent, (2) can increase economic capacity both in the context of regional economies and the number of economic actors so that economic growth increases, and (3) the belief that market mechanisms create more efficiency.

The study of Suheringtyas (2018) showed strategies that could be taken in developing MSMEs related to the Asean Economic Community (MEA) socialization. It found that 70% of respondents in Tegalrejo District did not know MEA. The provision of MSME Quality Improvement Training programs and collaboration among stakeholders, through leadership training, managerial assistance, and venture capital assistance, could improve the quality of human resources to compete globally. Superior products with

traditional characteristics could be a strategy in the promotion to the global level. Traditional products in Tegalrejo District included *gudeg*, *bakpia*, and herbal medicine. The tourism potential could be developed in the Buntung River Bantran, which was once a slum environment. However, now, it is a clean and beautiful environment. Increased marketing of MSME service goods products offline could be done by participating in various exhibitions, collaborating with other stores, and opening a showroom. Knowledge and skills in internet marketing and promotion could support the competition of MSME products and services globally. Increasing the legality of MSME businesses needs to be owned by MSME entrepreneurs to collaborate with other parties locally, nationally, and internationally.

Resmi et al. (2019) revealed that MSMEs in the era of globalization still play an essential role, especially in economic security and community empowerment. Hamid and Sri (2011) recommended a variety of policies and strategies in developing MSME, including 1) various training in product development that is more varied and oriented towards quality based on local resources; 2) government support for the development of production processes by revitalizing more modern machines and equipment; 3) developing products that are highly competitive with a load of local characteristics; 4) credit policy by banks with lower interest rates and simpler processes that will support the acceleration of the revitalization process of the production process; 5) improving the quality of physical and non-physical infrastructure to reduce distribution costs so that MSME products will have higher competitiveness; and 6) support the promotion of development policies to the export and domestic markets with a variety of more modern and varied media.

Santiago and Amir (2019) emphasized that SMEs were influenced by external factors so that government agencies and institutions' involvement was needed to facilitate the assistance of media equipment that processes as a whole, raw materials, production processes, and marketing processes to improve SME performance. It is because the involvement of related parties could encourage SMEs to be more creative. Thus, SMEs could produce superior and quality products. However, the performance of SMEs was not influenced by internal factors. It means that although the company had the skills or knowledge, a positive public image, experienced salespeople, and loyal customers, it did not necessarily make the performance of SMEs increase. It is because there was also the influence of rapid technological development. Therefore, SMEs are also required to follow technological developments.

3. Research Methods

The population of this research was all MSMEs in the Kulonprogo Regency, Indonesia, totaling 2,529.

The sample was 39 MSMEs selected to map internal and external factors. In addition to using primary data from observation, questionnaire, and interview, this research also used secondary data in the form of documents from the MSME Kulonprogo. The types of commodities produced by MSMEs in the Kulonprogo Regency was batik, tofu, limestone, convection, cream, *emping*, *tempe*, wood furniture, embroidery, iron panders, cans, metal furniture, tough porridge, coconut fiber, woven bamboo, coconut sugar, earthenware, pottery, tile, imitation, woven cloth, puppet show, bamboo furniture, ATBM weaving, and leather.

4. Results and Discussion

In this discussion, researchers would discuss the MSME development strategy with the SWOT analysis method and competitiveness of the Kulonprogo Regency. Based on Local Regulation No. 3 of 2008 concerning the Office of Cooperatives and MSME Kulonprogo Regency, they have such functions as: a) carrying out institutional activities in the field of cooperatives for SMEs; b) organizing activities

in the field of SMEs; c) carrying out empowerment activities in the field of SMEs; and d) carrying out administrative activities.

The Office of Cooperatives and SMEs in organizing programs and activities and the implementation of main tasks and functions always rests on the mechanism of government administration in accordance with existing regulations for the achievement of performance. Measurable targets have been made by taking into account problems, opportunities, and strategic issues, namely, 1) strengthening the people's joints applicative pro-pure, pro-growth, and pro-job facing the ASEAN economic community; 2) increasing the role and function of cooperatives and MSMEs in responding to megaprojects (ports, airports, and iron sand/steel factories); 3) realization of OVOP (One, Village, One, Product) superiority of regional products; 4) reducing the rise of moneylenders in the community; 5) increasing the fostering and supervision of cooperatives with legal entities as central and provincial; and 6) expanding business opportunities and reaching markets both local, regional, and export.

Table 1: Results of Mapping Internal and External Factors of MSMEs

No	Indicators and Problems	Mapping Results
1	Increased cooperation carried out by the cooperative and MSME agencies together with BUMD, BUMN, and tertiary institutions	External Factor - Opportunity (E/O)
2	The policy of providing social assistance and people's business credit (KUR) to cooperatives and MSMEs	External Factor - Opportunity (E/O)
3	The existence of MSME assistance by universities	External Factor - Opportunity (E/O)
4	The implementation of entrepreneurship training for MSMEs within the framework of the national entrepreneurship movement (GKN)	External Factor - Opportunity (E/O)
5	Some cooperatives and MSMEs have not yet implemented a RAT/End of Year Meeting	Internal Factor - Weakness (I/W)
6	There are limited human resources for cooperative and MSME employees	Internal Factor - Weakness (I/W)
7	The distribution of superior products or commodities of cooperatives and MSMEs is not yet optimal	Internal Factor - Weakness (I/W)
8	Some cooperatives and MSMEs have not yet submitted legal entities	Internal Factor - Weakness (I/W)
9	Recruitment of talented employees	Internal Factor - Strength (I/S)
10	Cooperatives and SMEs find it difficult to gain customer trust	External Factor - Threat (E/T)
11	82% of cooperative businesses and MSMEs have poor cash flow management	Internal Factor - Weakness (I/W)
12	Cooperatives and SMEs do not have a good business strategy	Internal Factor - Weakness (I/W)
13	Innovations in technology are easily developed in cooperatives and MSMEs	Internal Factor - Strength (I/S)
14	Intimate human relations within MSMEs and cooperatives	Internal Factor - Strength (I/S)
15	MSMEs and cooperatives are more flexible with changing market conditions	Internal Factor - Strength (I/S)
16	MSME leader/managers and cooperatives have a dynamic character	Internal Factor - Strength (I/S)

Table 2: Strategy Analysis

<div style="text-align: center;">Internal Factors</div> <div style="text-align: center;">External Factors</div>	Strength (S)	Weakness (W)
	<ol style="list-style-type: none"> 1. Innovations in technology are easily developed in cooperatives and MSMEs 2. Intimate human relations within MSMEs and cooperatives 3. MSMEs and cooperatives are more flexible with changing market conditions 4. MSME leaders/managers and cooperatives have a dynamic character 5. Recruitment of talented employees 	<ol style="list-style-type: none"> 1. Some cooperatives and MSMEs have not yet implemented a RAT/ End of Year Meeting 2. There are limited human resources for cooperative and MSME employees 3. The distribution of superior products or commodities of cooperatives and MSMEs is not yet optimal 4. Some cooperatives and MSMEs have not yet submitted legal entities 5. 82% of cooperative businesses and MSMEs have poor cash flow management 6. Cooperatives and SMEs do not have a good business strategy
Opportunity (O)	Strategy O-S	Strategy O-W
<ol style="list-style-type: none"> 1. Increased cooperation carried out by the cooperative and MSME agencies together with BUMD, BUMN, and tertiary institutions. 2. The policy of providing social assistance and community business credit (KUR) to cooperatives and MSMEs. 3. The existence of MSME assistance by universities 4. The implementation of entrepreneurship training for SMEs in the framework of the national entrepreneurship movement (GKN) by the government 	<ol style="list-style-type: none"> 1.1 Optimization of HR competencies through training/workshops/seminars. 1.2 Establishing a MSME employee association protected by the government 1.3 Optimization of promotion and broader marketing. 1.4 The optimization of cooperation is enhanced. 1.5 Sending talented employees to intern in larger companies 2.1 Increasing Corporate Social Responsibility to the community. 2.2 Forming a social forum to help the environment 2.3 Increasing the amount of production 2.4 Utilizing social assistance for the development of MSMEs 2.5 Generating innovative and creative products for consumers 3.1 is the same as 1.1 3.2 is the same as 1.2 3.3 is the same as 1.3 3.4 is the same as 1.4 3.5 Workshop to improve the skills of talented employees 4.1 is the same as 1.1 4.2 is the same as 1.2 4.3 is the same as 1.3 4.4 is the same as 1.4 4.5 is the same as 3.5 	<ol style="list-style-type: none"> 1.1 Evaluating the year-end meeting by inviting the BUMD, BUMN, and tertiary institution 1.2 Establishing an e-commerce based MSME supported by information technology 1.3 Utilization of market share through government cooperation 1.4 There is a workshop for the owner of MSME related to the application for an operational permit 1.5 MSME Workshops related to effective and efficient financial reports 1.6 Workshops related to business strategies 2.1 Optimization of social assistance for RAT evaluation 2.2 Utilization of social assistance to organize workshops on information technology (web) 2.3 Utilization of social assistance to build product distribution through workshops 2.4 is the same as 1.4 2.5 is the same as 1.5 2.6 is the same as 1.6 3.1 MSME assistance on RAT by tertiary institutions 3.2 Workshop on HR optimization 3.3 MSME assistance on distribution and marketing strategy

Table 2: (Continued)

Opportunity (O)	Strategy O-S	Strategy O-W
		3.4 is the same as 1.4 3.5 is the same as 1.5 3.6 is the same as 1.6 4.1 is the same as 3.1 4.2 is the same as 3.2 4.3 is the same as 3.3 4.4 is the same as 1.4 4.5 is the same as 1.5 4.6 is the same as 1.6
Threat (T)	Strategy T-O	Strategy T-W
1. Cooperatives and SMEs find it difficult to gain customer trust	1.1 Building customer trust by increasing product quality 1.2 Employee optimization to promote SMEs products 1.3 Massive promotions through door prizes, discounts, and prizes 1.4 is the same as 1.3 1.5 Developing creative promotions and marketing that are easy for customers to understand	1.1 Involving customers/ consumers to provide input at the time of RAT 1.2 Promoting through online 1.3 Optimization of marketing distribution is reproduced 1.4 Giving consumer/ customer confidence related to the status of MSME 1.5 Increased sales of MSME products 1.6 Building a better MSME business strategy

The results of the SWOT analysis mapping related to the MSME business strategy of Kulon Progo Regency are:

- Optimization of HR competencies through training/workshops/seminars (IF/S/SDM) 5*2*39/40%
- Establishing a government-protected MSME employee association (EF/O/Business Climate) 2/25%
- Broader promotion and marketing optimization (IF/S/Capital) 4/10%
- Optimization of cooperation increased (EF/O/Access) 3/25%
- Sending talented employees to intern in larger companies (IF/W/HR) 4/40%
- Increasing Corporate Social Responsibility to the community (EF/O/Business Climate) 1/25%
- Forming a social forum to help the environment (EF/O/Access) 1/25%
- Increasing production amount (IF/S/Capital) 5/30%
- Utilizing social assistance for the development of MSMEs (EF/O/Infrastructure) 3/30%
- Generating innovative and creative products for consumers (IF/S/Capital) 5/30%
- Workshop to improve the skills of talented employees (IF/W/HR) 4/40%
- Evaluation of year-end meetings by inviting BUMD, BUMN, and tertiary institutions (EF/O/Access) 2/25%
- Establishing e-commerce based MSME supported by information technology (EF/T/Access) 4/25%
- Market share utilization through government cooperation (EF/O/Access) 4/25%
- There is a workshop for the owners of MSME related to the management of operational licenses (EF/O/Legal) 3/40%
- MSME workshop related to effective and efficient financial statements (IF/W/Accountability) 3/30%
- MSME workshop related to business strategy (IF/W/Accountability) 5/10%
- Optimization of social assistance for evaluating RAT (O/O/Business Climate) 2/10%
- Utilization of social assistance to organize workshops on information technology (web) (EF/O/Business Climate) 3/40%
- Utilization of social assistance to build product distribution through workshops (EF/O/Access) 2/25%
- MSME assistance on RAT by tertiary institutions (IF/W/Accountability) 1/10%
- HR optimization Workshop (IF/W/SDM) 5/40%
- MSME assistance on distribution and marketing strategy (IF/W/Access) 5/10%
- Building customer trust by improving product quality (EF/O/Business Climate) 4/40%

25. Optimization of employees to promote SMEs products (IF/W/HR) 3/40%
26. Big promotion through door prize, discount, and gift (IF/O/Business Climate) 3/40%
27. Developing creative and easy-to-understand customer promotions and marketing (IF/W/Capital) 5/30%
28. Involving customers/consumers to provide input when the RAT (IF/O/Access) 4/25%
29. Promoting online (EF/O/Access) 4/25%
30. Optimized marketing distribution expanded (EF/O/Access) 4/25%
31. Giving consumer/customer confidence related to the status of MSME (EF/O/Access) 3/25%
32. Increased sales of MSME products (IF/W/Capital) 5/30%
33. Building a better MSME business strategy (IF/W/Accountability) 5/10%

Explanation: IF = Internal Factor (Capital, HR, Law, and Accountability); EF = External Factors (Business Climate, Infrastructure, and Health Insurance); S = Strength; W = Weakness; O = Opportunity

Table 3: Calculation of SWOT Analysis

Indicators and Problems	Weight	Score	Total	Mapping Results
Increased cooperation carried out by the cooperative and MSME agencies together with BUMD, BUMN, and tertiary institutions.	0.25	312.00	78.00	External Factor - Opportunity (E/O)
The policy of providing social assistance and people's business credit (KUR) to cooperatives and MSMEs.	0.35	390.00	136.50	External Factor I - Opportunity (E/O)
The existence of MSME assistance by universities	0.25	234.00	58.50	External Factor - Opportunity (E/O)
The implementation of entrepreneurship training for MSMEs within the framework of the national entrepreneurship movement (GKN)	0.25	156.00	39.00	External Factor - Opportunity (E/O)
Some cooperatives and MSMEs have not yet implemented a RAT/End of Year Meeting	0.10	78.00	7.80	Internal Factor - Weakness (I/W)
There are limited human resources for cooperative and MSME employees	0.40	390.00	156.00	Internal Factor - Weakness (I/W)
The distribution of superior products or commodities of cooperatives and MSMEs is not yet optimal	0.10	156.00	15.60	Internal Factor - Weakness (I/W)
Some cooperatives and MSMEs have not yet submitted legal entities	0.20	312.00	62.40	Internal Factor - Weakness (I/W)
Cooperatives and SMEs find it difficult to gain customer trust	0.10	390.00	39.00	External Factor - Threat (E/T)
82% of cooperative businesses and MSMEs have poor cash flow management	0.30	390.00	117.00	Internal Factor - Weakness (I/W)
Cooperatives and SMEs do not have a good business strategy	0.10	390.00	39.00	Internal Factor - Weakness (I/W)
Recruitment of talented employees	0.40	312.00	124.80	Internal Factor - Strength (I/S)
Innovations in technology are easily developed in cooperatives and MSMEs	0.30	312.00	93.60	Internal Factor - Strength (I/S)
Intimate human relations within MSMEs and cooperatives	0.40	390.00	156.00	Internal Factor - Strength (I/S)
MSMEs and cooperatives are more flexible with changing market conditions	0.10	234.00	23.40	Internal Factor - Strength (I/S)
MSME leaders/managers and cooperatives have a dynamic character	0.40	234.00	93.60	Internal Factor - Strength (I/S)

Table 4: The Weighting of MSME Strategies

No	Strategies	Mapping	Weight	Score	Total	Mean
1	Optimization of HR competencies through training/workshops/seminars	O-S	0.4	390	156	79.77
2	Establishing a MSME employee association protected by the government	O-S	0.25	156	39	
3	Optimization of promotion and broader marketing	O-S	0.1	312	31.2	
4	Optimization of cooperation is enhanced.	O-S	0.25	234	58.5	
5	Sending talented employees to intern in larger companies	O-S	0.4	312	124.8	
6	Increasing Corporate Social Responsibility to the community	O-S	0.25	78	19.5	
7	Forming a social forum to help the environment	O-S	0.25	78	19.5	
8	Increasing the amount of production	O-S	0.3	390	117	
9	Utilizing social assistance for the development of MSMEs	O-S	0.3	234	70.2	
10	Generating innovative and creative products for consumers	O-S	0.3	390	117	
11	Workshop to enhance the skills of talented employees	O-S	0.4	312	124.8	
12	Evaluating the end of the year meeting by inviting BUMD, BUMN, and tertiary institutions	O-W	0.25	156	39	62.4
13	Establishing e-commerce based MSME supported by information technology	O-W	0.25	312	78	
14	Market share utilization through government cooperation	O-W	0.25	312	78	
15	There is a workshop on the owner of MSME related to the management of operational licenses	O-W	0.4	234	93.6	
16	MSME Workshop related to effective and efficient financial reports	O-W	0.3	234	70.2	
17	MSME Workshop related to business strategy	O-W	0.1	390	39	
18	Optimization of social assistance for RAT evaluation	O-W	0.1	156	15.6	
19	Utilization of social assistance to organize workshops on information technology (web)	O-W	0.4	234	93.6	
20	Utilization of social assistance to build product distribution through workshops	O-W	0.25	156	39	
21	MSME assistance on RAT by universities	O-W	0.1	78	7.8	
22	HR optimization Workshop	O-W	0.4	390	156	
23	MSME assistance on distribution and marketing strategy	O-W	0.1	390	39	
24	Building customer trust by increasing product quality	T-S	0.4	312	124.8	107.25
25	Employee optimization to promote SMEs products	T-S	0.4	234	93.6	
26	Massive promotions through door prizes, discounts, and prizes	T-S	0.4	234	93.6	
27	Developing creative promotions and marketing that are easy for customers to understand	T-S	0.3	390	117	
28	Involving customers/consumers to provide input at the time of RAT	T-W	0.25	312	78	74.75
29	Promoting through online	T-W	0.25	312	78	
30	Optimization of marketing distribution is reproduced	T-W	0.25	312	78	
31	Providing consumer/customer confidence regarding the status of MSME	T-W	0.25	234	58.5	
32	Increased sales of MSME products	T-W	0.3	390	117	
33	Building a better MSME business strategy	T-W	0.1	390	39	

5. Conclusion

This study concludes that Kulonprogo Regency MSMEs have to pay attention to seven aspects to improving competitiveness in their business. The aspects referred to are as follows: 1) Business strategy; 2) Human Resources (HR); 3) Information Technology; 4) Products; 5) Promotion; 6) Cooperation; and 7) CSR.

1. Business strategy. MSME Kulonprogo must be able to build the right business strategy to achieve its vision, mission, goals, and targets.
2. Human Resources. In principle, human resources from Kulonprogo are very abundant, but many work in big cities in Indonesia, so that way, productive human resources seem to be few even though the numbers are very fulfilling. It is just that the courage to open a business, and competence is still low. Thus, some chose to work in big cities and rarely thought about building their area.
3. Information Technology. At the present moment, with COVID-19 conditions, MSMEs have experienced a significant decline (70%) over the last three months. MSMEs should have a leap in sales, promotions, based on e-commerce supported by information technology.
4. MSME products. In principle, Kulonprogo Regency has 24 types of MSME commodities that must be developed. The problem is about product quality.
5. Promotion/marketing is the spearhead of MSMEs to be able to survive/live; in this COVID-19 condition, MSMEs should change promotions through online.
6. Cooperation. It becomes essential to do so that more MSME links and support competitiveness. Kulonprogo MSMEs should continue to establish links with BUMD, BUMN, and universities.
7. Corporate Social Responsibility (CSR) is crucial to support the company's survival. For CSR, MSME Kulonprogo from the results of surveys and interviews has not shown special attention to the environment. For example, there are still many business actors who have not done so according to the rules of the environment regarding wastewater for batik making.

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