

Business Development Strategies For Micro, Small And Medium Enterprises (Msmes) Toward Leather Craftsmen In Magetan

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Abstract :

Industri Micro, Small And Medium Enterprises (Msmes) In Indonesia Nowadays Experiences Difficult Situation In The Era Of Business Environment Changes After Covid 19. Due To This Problem, Lots Of Craftsmen Experienced Significant Decreasing Number On Sales That Impacts On Customers' Taste Evolution. The Dynamic Transformation Of Business Environment Brings An Impact Toward Msmes Competition Which Is Very Intense In Which Innovation And Creativity Are Highly Needed By Each Of Them To Develop Both Of Their Current Products And Their New Products. By This Condition, Msmes Should Always Develop Themselves To Enhance Competitiveness, To Survive, To Gain More Profit And To Find The Right Business Strategy. Magetan Regency Has Leather Craft Industrial Areas Which Produce Many Kinds Of Goods Comprising: Bags, Sandals, Shoes, Jackets, Belts Etc. This Research Focuses On Developing Strategies For Micro, Small And Medium Enterprises (Msmes) Toward Leather Craftsmen In Magetan. This Research Is Conducted By Using Quantitative Descriptive Method. This Approach Is Chosen In This Research Because It Can Illustrate The Real Phenomenon Clearer And Deeper. To Analyse The Data, This Research Uses SWOT Analysis Using Quantitative Approach And Strategy Factors Both In Karya Pahala Shop And Fitri Magetan Shop To Know Their Strategies Applied In Their Companies. By Knowing The Development On How Far The Potency From Both Karya Pahala Magetan And Fitri Magetan Shops, It Can Be Seen Clearly Their Strategies To Develop Their Business. Based On The Result From Matriks Boston Consultig Group (BCG), Both Of Karya Pahala And Fitri Shops Are At The Dog Quadrant Level, Which Means A Business With Low Growth And Low Market Shares. Msmes Karya Pahala Shop And Fitri Shop Hopefully Could Make Significant Improvement On The Resource Potential Development By Utilizing Technology To Fix Business Performances And Business Growth. In This Case, Both Internal And External Factors Influence The Performance Of Karya Pahala And Fitri Shops. Some Of The Performance Improvements Consist Of: Standart Operating Procedure (SOP) And Management Improvements, Doing Innovation And Improving Production Sales Service, Marketing And Human Resource Development By Updating Toward Current Trends.

Keywords: *Msmes; Business Development Strategy; SWOT Analysis: BCG Matriks;*

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I. Introduction

Micro, Small and Medium Enterprises (MSMEs) in Indonesia nowadays experiences difficult situation in the era of business environment changes after Covid 19. As a result, competition among industries becomes common thing as well as the continuity of free trade growth that automatically brings competition from all sectors comprising domestic, regional and global. MSMEs entrepreneurs should have paradigm of being trully entrepreneur and have sufficient marketing orientation but at the same time they should be the real market holders. The dynamic of business environment brings an impact toward the customers' taste and preferences variation. This modification requires innovation and creativity for all MSMEs entrepreneurs to finalize their current products and to enhance new products by applying industry creativity so that competitiveness, survival and profitability of company can be obtained. Customers will create decision making to purchase certain products only if those products bring more value if they are compared to other products.

MSMEs entrepreneurs are prosecuted to produce products that have high selling value and competitiveness in which the company should find the right business strategy. MSMEs entrepreneurs need to use their resources optimally and give significant activities to develop the products in order to maintain the company survival. The expansion and good quality design of products becomes the key success in business world. The MSMEs entrepreneurs should create high value products which have higher quality, cheaper price,

faster production processes and best satisfied services in order to make consumers get satisfaction toward the product and services.

Most of industries in East Java have already grown rapidly. Lots of different industries have been established in East Java. One of them is the leather craft industry in Magetan district, Magetan regency. Magetan regency has several industrial areas mainly many leather craft industries that have successfully produced many kinds of valuable goods such as: gloves, belts, sandals, shoes, bags, wallets, etc. Leather craft industries in Magetan have been existed since the end of Diponegoro war in 1830. Between the year 1960 until 1970, the leather craft industries have experienced decreasing level drastically until they could not survive and compete anymore toward plastic industries with the easy process of export trade mainly rawhide. Thus, it was indicated as the main factor as well.

Moreover, to support the development of leather craft industries, Magetan regency released policy that was under control the government related to National Long-Term Development Plan (NLDP) in 2005-2025. This policy establishes upstream and downstream industry clusters. Leather processing industry that becomes upstream industry is leather tanning while the downstream industry is leather craft industry. By the cooperation between those two industries in general, it is hoped that it can expand local potency and develop investment. More over it is expected to build job opportunity for society that can significantly increase community income.

II. Material and methods

This research is conducted by using quantitative paradigm mainly descriptive methodology. This approach is chosen in this research because it can illustrate the real phenomenon clearer and deeper. This research is conducted at Sawo Street, Selosari, Magetan district, Magetan Regency. The object in this research consists of all creative industries that are producing leather (Sentra Leather) which is considered as one of creative industry in Magetan regency that is active in producing bags, sandals and jackets. The process of activities in (Sentra Leather) industry are producing bags, sandals, jackets and etc.

Informant determination technique in this research uses *Purposive*. *Purposive* can be defined as the source of data sampling technique based on certain considerations related to the case study that is being analysed and also the aim of the research. The selected informant is "KARYA PAHALA" shop. This shop is chosen by the researcher because this shop has the most branches; 4 branches. The second one is "FITRI" shop. This shop is being selected as well because this is the first leather shop in leather craftsman Sentra in Magetan.

The technique to analyse the data in this research utilizes SWOT analysis technique by using quantitative approach which consists of: *Strengths, Weakness, Opportunities dan Threats*. The use of SWOT analysis is aimed to maximize strength and opportunities yet it significantly minimizes weakness and threats as well.

This analysis is done by utilizing tools to collect the data. These tools are comprising: observation guidelines, interview and documentaion. The steps in collecting the data in this research will be shown as follow.

- a. Categorising the given data to be processed further.
- b. Applying SWOT analysis.
- c. Inputing data into SWOT matrices.
- d. Analysing strategies from SWOT matrices.
- e. Giving strategy recommendation for manager administrators.

Table 1. Internal and External Factors

Internal Factors	Product	Product Condition
		Quality Product
	Price	Product Price
	Area Condition	Transportation
		Facilities and Infrastructure Availability
		Located on the tourist route
		Facilities
Promotion	Promotion Media Availability	
Human Resources	Production process	
	Sales Services	
Eksternal Factors	Government	Government Participation
	Social	Market Development
		Competitiveness
	Economy	Visits and Purchasing Power
	Technology	Technology Application
Natural Conditions	Natural Condition Impact	

This method is applied to know the development strategy through SWOT analysis by analysing both external factors (opportunities and threats) and internal factors (strengths and weakness) using EFE and IFE matrixs.

SWOT matrix is being implemented in this research to compose strategy factors in industries. This matrix illustrates clearly on how external opportunities and threats faced by industries can be fitted toward strengths and weakness. This matrix produces 4 sets of possible alternative strategies.

Table 2. SWOT Matrixs

	IFE	<i>STRENGTHS (S)</i> Define 5-10 internal strengths factors	<i>WEAKNESSES (W)</i> Define 5-10 internal weakness factors
EFE			
<i>OPPORTUNITIES (O)</i> Define 5-10 external opportunity factors		SO STRATEGY Create strategy that uses strengths to maximize opportunity	WO STRATEGY Produce strategy by using strengths to minimize weakness to obtain opportunity
<i>THREATS (T)</i> Define 5-10 external threats factors		ST STRATEGY Make strategy that uses strengths to handle threats	WT STRATEGY Conduct strategy by minimalizing weakness to prevent threats

III. Result

According to strategies that will be used to understand SWOT analysis implementation toward Karya Pahala shop, the researcher creates *Internal Factor Evaluation - IFE matrix* and (*External Factor Evaluation–EFE Matrix*) in the form of tables. It is needed to do some steps before composing the representative tables by doing: Constructing and deciding external and internal strategy factors in companies.

Preparing and counting weight value, rating and score for both external and internal tables that is made by using scale as bellow.

**Table 3. Internal Factor Evaluation Matrix (IFE Matrix)
Karya Pahala Shop**

No	Questions	Score	Weight	Total
Strengths				
1	Varied models	1	0,25	0,25
2	Comfortable, spacious and good condition of the building	4	0,25	1
3	Good services	4	0,2	0,8
4	Creative and innovative human resources	3	0,2	0,6
5	Abundant raw materials	2	0,1	0,2
	Total			2,85
Kelemahan				
1	Expensive products	5	0,4	2
2	Inadequate social media marketing	5	0,3	1,5
3	Unavailability discounts and promo	4	0,3	1,2
	Total			4,7

Table 3 shows the total score -1,85 which means it indicates that Karya Pahala Shop is at beyond the average level for overall internal weakness.

**Table 4. External Factor Evaluation Matrix (EFE- Matrix)
Karya Pahala Shop**

No	Questions	Score	Weight	Total
Opportunities				
1	Getting loyal customers who are able to purchase continuously	3	0,5	1,5
2	More famous than other related shops	2	0,25	0,5
3	It is supposed to utilize technology development	1	0,25	0,25
	Total			2,25
Threats				
1	Raising new competitors	5	0,6	3

2	Many competitors use synthetic leather material Give impact toward cheap price	5	0,2	1
3	Fast changing models that cause un-sold stocks	5	0,2	1
	Total			5

Table 4 illustrates the average total -2,75 which indicates that Karya Pahala Shop is beyond the average level due to inadequateness to implement strategy by utilizing external opportunity to prevent threats. Second, the shown matrix above is relative condition faced by Karya Pahala Shop at the research location. These conditions reflect the real struggle that they faced to run their business. Below is the table that the researcher had already analysed to decide strategy decision by using SWOT matrix approach.

Table 5. KARYA PAHALA Shop's SWOT

Strength (S)	Weakness (W)
Varied models Comfortable, spacious and good condition of the building Good services Creative and innovative human resource Availability of abundant material	Expensive price Non-optimal social media marketing Unavailability in giving discount and promo
Opportunity (O)	Threats (T)
Getting new customers who can continuously purchase More famous than other related shops It is important to utilize technology	Raising new competitors Many competitors use cheaper synthetic leather material Fast-changing models causes unsold stocks

Fitri Shop SWOT Analysis

Based on the strategies that are implemented by Paradise printing above, the researcher creates *Internal Factor Evaluation - IFE matrix and External Factor Evaluation–EFE Matrix*) in the form of table to know the implementation of SWOT analysis in Fitri Shop.

**Table 6. Internal Factor Evaluation Matrix (IFE Matrix)
Fitri Shop**

No	Questions	Score	Weight	Total
	Kekuatan			
1	Affordable price with good quality products	1	0,25	0,25
2	Giving satisfied sell services toward the customers	1	0,25	0,25
3	Employees loyalty and honesty	2	0,25	0,5
4	Abundant source materials	2	0,25	0,5
	Total			1,5
	Weakness			
1	Old type of the building fashion that is not attractable	5	0,2	1
2	Less optimal production due to lack of both human resource and funding	3	0,2	0,6
3	Un-updated and not-varied products that do not update with the new trend	2	0,2	0,4
4	Limited human resource capability	2	0,2	0,4
5	Non-optimal marketing	5	0,2	1
	Total			3,4

Table 6 illustrates the score total -1,9 which indicates that Fitri Shop is above the average from overall internal weakness.

**Table 7. External Factor Evaluation Matrix (EFE- Matrix)
Fitri Shop**

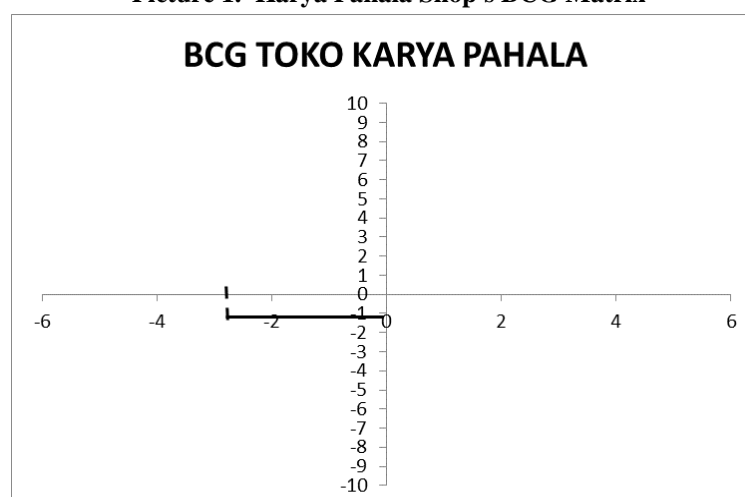
No	Questions	Score	Weight	Total
	Opportunity			
1	Getting new customers who can continuously purchase	3	0,3	0,9
2	Develop many varied product models	2	0,3	0,6
3	Optimalization toward the use of technology	1	0,2	0,2
4	Broad connection that has successfully reached Bandung area	1	0,2	0,2
	Total			1,9
	Threats			
1	Raising new competitors	5	0,6	3
2	Many competitors use cheaper synthetic leather material	5	0,2	1
3		4	0,2	0,8
	Fast-changing models causes unsold stock			4,8

Table 7 clearly shows weighted average -2,9 which indicates that Fitri Shop is above the average in relation to non-optimal effort to run the strategy by utilizing external opportunity and prevent threats. Second, both of matrixes above reflect the relative condition faced by Fitri Shop at the area of this research and it becomes the problem that the company needs to handle in order to survive their business. Below is the table that the researcher used to analyse strategies decision making by using SWOT matrix approach.

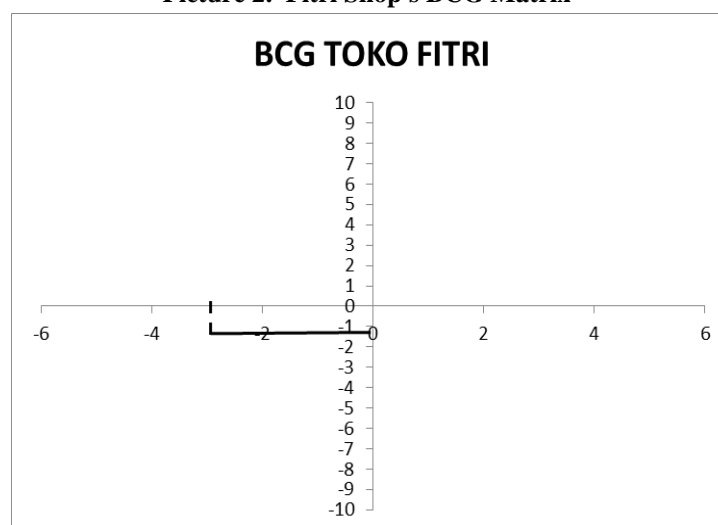
Table 8. FITRI Shop's SWOT

Strength (S)	Weakness (W)
Affordable price with good quality products Giving satisfied sell services toward the customers Employees' loyalty and honesty Abundant source materials	Old type of the building fashion that is not attractable Less optimal production because of lack of both human resource and funding Un-updated and not-varied products that do not update toward the new trend Limited human resource capability Non-optimal marketing
Opportunity (O)	Threats (T)
Getting new customers who can continuously purchase Develop many varied product models Optimalization toward the use of technology Broad connection that has successfully reached Bandung area	Raising new competitors Many competitors use cheaper synthetic leather material Fast-changing models causes unsold stocks

Picture 1. Karya Pahala Shop's BCG Matrix



Picture 2. Fitri Shop's BCG Matrix



Be by using strategy factors in Fitri Shop in Magetan, it can be implemented to know the applied strategies in the future. According to *Boston Consulting Group* (BCG) matrix, both of Karya Pahala and Fitri Shops in Magetan are at the Dog Quadrant level, which means a business with low growth and low market shares. The characteristics in this quadrant consist of: the low growth signal as well as the market shares. This product usually successfully obtains things that have been implemented inside the company, reaches break-even point and retains market share.

Dog quadrant has the least value or none at all. They exploit resources and money. Due to this, it is difficult to acquire benefit from this quadrant. Below are some Dog quadrant characteristics:

1. Low market growth
2. Low market share
3. Draining cash
4. Implementing diversification

IV. Conclusion

As the result of the intense competition toward leather industries in Magetan, all MSMEs craftsmen should be more competitive to publish some products based on customers' desire. One of the improvement among this competitive era is the improvement on the trend of product models. This product model development also gives significant influence toward quality and customers' interest. Therefore, strategy planning to improve business performance should be analysed based on current trend and situation

In this intense competitiveness era, MSMEs craftsmen in Magetan need effective and efficient business development strategy models. By this intense competition, strategy model and SWOT analysis become the ultimate features to overcome threats and opportunity

The potential development between Karya Pahala and Fitri Shops can be found out from their applied strategies that are used for both of MSMEs craftsmen. Implementing potential development toward resources by utilizing technology, Karya Pahala and Fitri Shops in Magetan could improve their business performance. External and internal factors influence the performance of both Karya Pahala Magetan and Fitri Magetan Shops. Those business improvement are divided into three points comprising:

- A. Standard operating procedure (SOP) and management improvement.
- B. Implementing innovation by improving product services, marketing and human resource quality.
- C. Updating current technology and trends.

Those three crucial points above can be implemented by utilizing MSMEs strength and opportunity to cope weakness and MSMEs threats.

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