

BANDUNG'S OFFICE OF INDUSTRY AND TRADE COOPERATIVES' STRATEGY FOR INCREASING THE COMPETITIVENESS OF FOOD MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs)

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ABSTRACT

This study aims to describe the strategies implemented by the Koperindag Service in increasing the competitiveness of MSME Food in the City of Bandung, as well as the obstacles encountered by the Koperindag Office in increasing the competitiveness of MSME Food in the City of Bandung. When conducting a study, the descriptive qualitative research method is used in the form of a detailed description of the location, situation, event, or what is observed. Data collection methods include interviews, on-site observation, and documentation. According to the findings of this study, the Koperindag Service employs three types of strategies in increasing the competitiveness of MSME Food in the City of Bandung. The first step is to strengthen the strategy by organizing product promotion activities. Second, an empowerment strategy that includes entrepreneurship training, outreach, and packaging advice. Third, by facilitating increased competitiveness of Food SMEs, programs to foster a favorable business climate will be strengthened. The lack of resources is a challenge for the Koperindag Service

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1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSME), also known as UMKM in the community, are small-scale people's economic activities that fulfill net worth or the results of annual sales and ownership as defined by law. (Primiana, 2012) Government Regulation No. 7 of 2021 on the facilitation, protection, and empowerment of cooperatives and micro, small, and medium enterprises. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the Micro Enterprise criteria outlined in this government regulation.

A small business is a productive economic business that operates independently and is carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part of small businesses as defined by government regulations. A medium business is a productive economic business that stands alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part of either directly or indirectly with small businesses or large businesses that affect the criteria medium enterprises as regulated in this government regulation. MSMEs, both in developed and developing countries, play a critical and strategic role in a country's economic growth. During the Indonesian economic crisis, the ability of MSMEs to survive in times of economic crisis is proof that the MSME sector is part of a tough business sector; currently, MSMEs are also able to provide and create jobs directly for people with a higher level of education relatively low. MSMEs have several advantages and roles, which include the following:

- 1) MSMEs Have the Potential to Be the Largest Contributor to GDP Value. The advantage of doing business in the MSME sector is that it allows you to produce more products at home. Products that do not yet exist will not only add to the national market, but will also enter the international market.
- 2) Middle-Class Community Solutions This is because raising capital to start a business in the SME sector is not difficult. Because many government agencies have assisted in providing capital funds with low credit scores. Furthermore, the bank has now provided capital loan guarantees with a low credit value.
- 3) Job Field Expansion It is impossible to deny that the MSME sector directly or indirectly creates job opportunities. This will undoubtedly benefit the government because it will have an impact on the current unemployment rate.
- 4) Operational Flexibility The leadership structure of an MSME is small. This is because each leadership

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has authority and responsibility.

MSMEs are an important part of the national business world, with a strategic position, potential, and role in achieving national development goals. However, the role of MSMEs in the Indonesian economy has not been able to increase economic competitiveness at the international level, particularly in the ASEAN region. According to the findings of a World Economic Forum study of 59 countries, including Indonesia, the ranking of competitiveness is declining. In 1999, Indonesia was ranked 37th. From 2009 to 2014, Indonesia ranked 54th, 44th, 46th, 50th, 38th, and 34th. Indonesia's competitiveness ranking dropped to 37th in 2015. (Rusdiana, 2016, p. 2)

Many factors contribute to Indonesia's lack of economic competitiveness. Marketing, finance, management, location, human resources, economic structure, and technology are some of the major issues that most small businesses face. (Adnan, 2017). Limited capital is a common issue for MSME actors. This is because MSME actors typically use their own funds or third-party loans. However, it is not uncommon for MSME actors to borrow from third parties due to high loan interest rates and the requirement for material guarantees in obtaining credit, which is difficult to meet. (Muslimin, 2013). According to (Russell and Millar, 2014), there are five competitive priority components that must be met in order to produce competitive MSMEs: cost, quality, flexibility, delivery, and innovation.

- a. Cost, which includes four indicators: production, labor productivity, use of production capacity, and inventory.
- b. According to Mahardi (2007), quality indicators include product appearance, product acceptance period, product durability, speed of resolving consumer complaints, and product conformity to design specifications.
- c. Time, including the specification of production time, the reduction of production waiting time, and the specification of product delivery time.
- d. Flexibility is measured by a number of indicators, including the variety of products produced and the speed with which they adapt to changing environmental conditions.
- e. Innovation can explain how a company can improve on existing processes and products. (Asri Delmayuni, Musa Hubeis, DKK, 2017)

Tambunan (2002:46) identifies the following conditions as necessary for industrial development to compete in regional and international markets:

- a. Creating a favorable internal environment. This includes human resource (HR) quality, technological and information mastery, organizational structure, management systems, business culture, capital strength, and business networks with outsiders.
- b. Creating a favorable external environment. This includes renewal systems and market conditions, infrastructure conditions, and public education levels.

Meanwhile, according to Ismail and Syafitri (2005:29), four indicators must be used to assess regional economic competitiveness:

- a. Economic structure includes economic conditions, productivity, output, and added value, as well as the level of foreign or domestic investment;
- b. Human resources include the quality of human resources that support economic activities from production to consumption; and
- c. Regional potential includes non-tradeable assets such as location.
- d. Institutions include government policy consistency and community behavior that promotes local economic development, as well as a productive culture.

In response to these challenges, the government has made institutional efforts, as evidenced by the establishment of MSMEs-focused ministries since the New Order era. The existence of Law No. 9 of 1995 concerning small businesses, which aims, among other things, to recognize and strengthen the role of small businesses as the backbone of the economy, demonstrates the government's commitment. The country's economy The Office of Cooperatives, Industry, and Trade is a government institution or agency in every Indonesian government. One of them is the Office of the City of Bandung.

Bandung, the capital city of West Java, has one MSMEs-related agency, the City of Bandung's Office of Cooperatives, Industry, and Trade. The Office of Cooperatives, Industry, and Trade is a government agency in charge of directing, guiding, protecting, and fostering a business environment. To achieve this goal, the Cooperatives and Trade Office, as the primary actors in small and medium-sized businesses, must collaborate with the community (MSMEs). Bandung City has 28,811 MSMEs as of December 31, 2021. There are seven types of MSMEs based on the type of business.

Table.2 Types of MSMEs in the city of Bandung

No.	Type of business	Amount
1.	MSMEs type A	3.321
2.	MSMEs type B	22.367
3.	MSMEs type C	921
4.	MSMEs type D	880
5.	MSMEs type E	5.231
6.	MSMEs type F	2.567
7.	MSMEs type G	3.781

Source : Government of Bandung City

One of the types of MSMEs in the city of Bandung is food / food MSMEs. The number of MSMEs in the food/food industry is 2,483 business units.

Table.2 The Number of food MSMEs in the city Bandung 2021

No.	Food Technology	Amount
1	Official	231
2.	Non Official	2252
Amount		2483

Source: Government of Bandung City

SMEs in the food industry in Bandung face a number of challenges, including a lack of production equipment. This is because, in general, the food/food industry in Bandung is still a cottage industry. As a result, this home industry continues to rely on manual machines or production tools. Several factors, including limited capital to purchase machines and limited human resources to operate new machines, contribute to the low competitiveness of food SMEs in Bandung City. Another issue that MSMEs faced was difficulty selling their products during the Covid-19 pandemic (Mutarida, Interview, September 15, 2021).

The Bandung City Industry and Trade Cooperative Office is one of the government agencies in each region of Indonesia. The Koperindag Agency is in charge of carrying out activities for some government affairs, such as cooperatives and SMEs, trade and industry. The Koperindag Office has developed several work programs to improve MSMEs in the food industry, one of which is in the area of capital and managing business licensing, among other programs. However, the work schedule that Service remains ineffective due to the numerous issues mentioned above.

According to the findings of Rusdiana's previous (2016) research, strategies for increasing MSMEs' competitiveness are carried out through market development and operationalized through functional strategies. Based on this explanation, the purpose of this research is to discover: (1) the strategy implemented by the Koperindag Service in increasing the competitiveness of MSME Food in the City of Bandung, and (2) the obstacles encountered by the Koperindag Office in increasing the competitiveness of MSME Food in the City of Bandung.

2. METHOD

This is a descriptive qualitative study. When conducting research, descriptive is a detailed description of the location, situation, event, or observation.

- 1) Information source Primary data is information obtained through field research, which entails conducting field research using data collection techniques such as interviews and direct observation. The Bandung City Diskoperindag
- 2) Head of Agro or those directly related to MSMEs in the food industry served as the primary data source for this study. Secondary data is information derived from research references or literature, such as books, literature, and articles about research objects and problems, as well as research documents and reports. This data is used to supplement primary data.

3. RESULT AND DISCUSSION

The Bandung City Koperindag Service's strategy is based on or is a derivative of policies from the *Bandung's Office Of Industry And Trade Cooperatives' Strategy For Increasing The Competitiveness Of Food Micro, Small, And Medium Enterprises (MSMEs)*. **Sutrisno**

central government, specifically the Ministry of Cooperatives and SMEs. However, not all of the central government's strategies can be implemented in Bandung. This is because strategy implementation must adhere to the allocated budget while also being tailored to the conditions of each region. Strengthening, Empowerment, and Protection strategies are used to boost the competitiveness of food/food MSMEs in Bandung. The strategy will be implemented through the following programs and activities:

a. Reinforcement Strategy

Strengthening strategy would include a business support system development program for MSMEs. This strategy aims to improve the ability of Micro, Small, and Medium Enterprises (MSMEs) to capitalize on and utilize open opportunities and potential local resources. This program's goal is to improve an MSME's institutional arrangements, capital, and marketing.

b. Organizing Entrepreneurship Training

Organizing entrepreneurship training for MSMEs, particularly food MSMEs, aims to improve the personal qualities of human resources (HR) with a strong entrepreneurial spirit, as well as the managerial and entrepreneurial skills of MSMEs. Human Resources (HR) is one of the factors influencing the competitiveness of MSME Food, where the selection of competent human resources will be able to produce quality products. To achieve a healthy performance and to be competitive, the Bandung City Government provided training through the Koperindag Office by presenting competent speakers. Ms. Multarida, Head of Agro Section, stated:

"Coaching is done once a month for MSME Food, and we always hold socialization for two to three days once a year." One training includes 30 food SMEs. We host these trainings by inviting knowledgeable resource people. We will hold a tomato sauce training on December 6, 7, 8, and 9, 2021, and a socialization training on October 27, 28, and 29, 2021, both with the theme Food Safety. (Multarida, January 5, 2022 Interview)"

The Koperindag Office of the City of Bandung's training activities aim to improve the skills of the city's MSME Food entrepreneurs. This is also consistent with Ms. Vitra's statement as a Food MSME actor under the supervision of the Koperindag Service, which is as follows: "By going directly to the kitchen, I was able to learn about administration, promotion, and service, as well as hold outreach and teach how to properly manage food." The agency also assisted me in obtaining halal permits, haki, and business licenses. Not only that, but thanks to the Department's guidance, I can learn how to pack properly by providing thick plastic with a brand and a business number so that my business can enter supermarkets and sell outside the area. Another advantage of the Service's partner meeting was the chance to meet successful entrepreneurs, one of whom, Kristin Hakim, owns a Balado chips business. Another valuable experience I gained while being fostered was receiving a one-star award in honor of World Food Day in December 2008. (Fitra, 6 January 2022).

c. Good packaging socialization

One of the factors influencing SMEs' competitiveness is product quality. The Koperindag Office of the City of Bandung used to have a work program, namely the Packaging House, in order to increase the competitiveness of MSMEs in terms of product quality. This packaging house is intended to teach MSME actors in the food industry how to create better and more appealing packaging. The Package House program, however, was taken over by the Provincial Office in 2019. Mr. Wanda said the same thing.

"The service used to have a packaging house program, where we coached actors and MSME groups in the food industry on how to make good packaging, but this program was moved to the Province in 2019." Despite the fact that it is now a provincial program, the District Koperindag Office continues to conduct outreach and outreach to food SMEs in Bandung by informing them about good packaging methods. For example, the packaging must be thick, have a brand, a business license number, and a halal label. So that food MSME actors can later sell their products in supermarkets and become more well-known (Wanda, Interview, 16 January 2022).

Good packaging will enable MSME actors in the food industry to market their products in a broader market, increasing the competitiveness of the products they produce. Entrepreneurial spirit is required for any individual entrepreneur to be able to run his business. As a result, entrepreneurship training and socialization on how to use good packaging in the food industry packaging should be carried out, which is critical.

d. Good Development Facilities

One of the factors influencing the competitiveness of SMEs is cost. The current issue confronting *Bandung's Office Of Industry And Trade Cooperatives' Strategy For Increasing The Competitiveness Of Food Micro, Small, And Medium Enterprises (MSMEs)*. **Sutrisno**

Food MSME actors is a lack of facilities and infrastructure. This is due to a lack of information about scientific and technological progress (IPTEK), which causes business actors to develop their businesses inefficiently. The Koperindag Agency's role in developing and increasing the cost competitiveness of MSME Food is to facilitate all development activities by acting as a liaison between business actors and parties that business actors require. In other words, the Koperindag Service provides facilities and infrastructure to help businesses grow. This is consistent with what Mr. Wanda Aditya Hidayat, an employee in the Agro industry, has said. "We are here to provide facilities for the food industry, such as equipment, to aid in the production process of a product." We also assist Food MSME actors in making recommendations to the Health Service for the issuance of PIRT (household permit production) and halal legality recommendations, which are then issued by the MUI. Of course, with assistance to carry out the production process and provide recommendations to the Health Service regarding business licensing, this can develop Food SMEs in Bandung to be highly competitive." Wanda Aditya Hidayat (interview on January 5, 2022). According to the above explanation, the Koperindag Office in developing and increasing the competitiveness of MSME Food in Bandung City not only provides capital assistance, but also facilities to Food MSME actors to provide recommendations for obtaining household production permits (PIRT), which will later be issued by the Health Service.

When carrying out the Koperindag Office's work program to increase the competitiveness of MSME Food in Bandung. The Bandung City Koperindag Office faces several challenges, including:

1) A lack of competitiveness

This lack of entrepreneurial spirit can be attributed to formal education, knowledge, and skill limitations, as well as limitations in the use of technology and capital. As a result, MSME Food actors are finding it difficult to fully realize their entrepreneurial spirit. Other factors that contribute to a lack of entrepreneurial spirit include a lack of courage to pursue new product innovations. Without a doubt, a lack of entrepreneurial spirit contributes to the difficulty growing the businesses they run. "From our agency, we facilitate, especially for MSME Food in the city of Bandung, we provide capital assistance, which will later be provided by the MSME sector," says Mrs. Multarida, Head of Agro Section. In addition, we will assist and provide equipment from the industrial sector to aid in the manufacturing process. We always hold trainings to encourage Food MSME actors to grow and become more competitive, but not all Food MSME actors want to be Service Fosters. (Interview with Multarida, January 5, 2022)

The lack of development of the entrepreneurial spirit will undoubtedly have an impact on the creativity of business actors. As a result, in order for these goods to be produced properly, the Bandung City Koperindag Service must provide training in entrepreneurship and how to manage good food, as well as assistance to business actors.

2) Financial Restrictions

A budget is needed for the Department of Industry and Trade Cooperatives to carry out an activity or provide training. Budget constraints are one of the challenges that the Department of Industry and Trade Cooperatives faces in implementing work programs. Due to budget constraints, only a few Food SMEs can participate in Service activities. "Another challenge we face is that not all Food SMEs in Bandung can be included in official activities due to the limited budget we have," Ms. Multarida explained. As a result, we can only accommodate 30 MSMEs at the event" (Multarida, Interview 05 January 2022).

4. CONCLUSION

Bandung City Office of Cooperatives, Industry, and Trade, it can be concluded that the Bandung City Office of Cooperatives, Industry, and Trade's strategy for increasing the competitiveness of MSME Food in Bandung City is as follows:

Strategy Enhancement. The Industry and Trade Cooperative Service's strengthening strategy for increasing the competitiveness of MSME Food in Bandung City through product promotion activities involving Food MSME actors in exhibitions, bazaars, auction markets, and Minangkabau cultural festivals. Empowerment Strategy. The empowerment strategy implemented by the Department of Industry and Trade Cooperatives in increasing the competitiveness of MSME Food in Bandung City is carried out by holding entrepreneurship training for MSME Food actors with the goal of increasing human resources (HR) so that they become resilient and have an entrepreneurial spirit. Second, hold socialization and packaging counseling.

Security Plan. The Protection Strategy carried out by the Department of Industry and Trade Cooperatives in increasing the competitiveness of MSME Food in the City of Bandung is carried out by facilitating facilities and infrastructure for developing and increasing the competitiveness of MSME Food so that this program can create a conducive business climate. The Service provides facilities and infrastructure such as facilitating Halal and IPR, facilitating and making recommendations on business licenses, and providing equipment assistance for food industry activities. The Office of Cooperatives, Industry, and Trade faces challenges in increasing the competitiveness of MSME Food in the City of Bandung due to a lack of entrepreneurial spirit development and a limited budget to carry out its work program.

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