

Business System Development Strategies In MSMEs In Order To Sustainable Increase

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Abstract. MSMEs Rizkya Gaya Busana (MSMEs RGB), one of the MSMEs in Surakarta, is experiencing problems related to decreasing sales turnover, decreasing the number of consumers, and decreasing the amount of production. This research aims to identify internal and external factors encountered by MSMEs so as to produce alternative benefits for the right sales strategy so that they can rise and move on to compete. Data collection methods are with interviews, questionnaires, observation and documentation. Development of business system strategies is through the SWOT analysis method, for identification and strategic business development plans. Based on the results of data processing and SWOT analysis, it is known that RGB's business conditions are in quadrant one position, so the right strategy is to support growth oriented strategy. Development is sought and advised to focus on maximizing the strengths and opportunities possessed by MSMEs, through: (1) progressive development of e-commerce websites, (2) establishing partnerships in creating sales collaborations and reaching a different customer base segment, (3), identifying unmet market needs, and; (4) utilizing advertising and promotion features on social media to increase brand visibility and branding.

1. INTRODUCTION

Strategies for the development and empowerment of micro, small and medium enterprises need to be carried out progressively in order to improve the sustainability of MSMEs and become our shared responsibility. The role of MSME owners, government and related stake holders is very important and urgently needed in the context of developing the business system. We understand that the micro, small and medium enterprise sector has a big role in the national economy, as evidenced by several events that hit Indonesia's economic conditions (Nurmadi, 2021), such as the storm of the monetary crisis that occurred in 1998. The monetary crisis that occurred in Indonesia caused the Indonesian economy to collapse, large companies went out of business and several banks were liquidated. There are several sectors that are still alive in the midst of the storm of the economic crisis, and the people's economy or often called micro, small and medium enterprises (MSMEs) can still survive.

Based on the progress of the times, economic growth and development play an important role in increasing regional economic income, including in the welfare of the people. The role of micro, small and medium enterprises (MSMEs) has such an important meaning for a region, especially as one of the drivers of regional economic growth. Micro, small and medium enterprise (MSME) activities are one way that regional creative products can be recognized and provide business opportunities for business actors in post-Covid-19 experiencing very rapid growth, both businesses engaged in manufacturing and services. Therefore, every company that wants to maintain and develop its business requires changes to achieve competitive advantage (Septiana, 2020). Competitive advantage can be achieved through the sale of quality goods, the perception of relatively low prices, and good service so that consumer confidence can be achieved. One way to achieve consumer trust is through increasing consumer confidence (Mahendra, 2017), (Septiana, 2020).

The current condition with the Covid-19 outbreak that has hit all over the world, causing the economic turnover to be unstable. Many MSMEs cannot carry out daily operations, many reductions in labor, so that the economy becomes weak. Including in Solo Raya which consists of Surakarta City, Sragen Regency, Karanganyar Regency, Sukoharjo Regency, Boyolali Regency, Klaten Regency and Wonogiri Regency. Solo Raya is also an area affected by the Covid-19 virus. Therefore, the right

strategy is needed to maintain the success of the business (Septiana, 2020). Business success has a positive correlation with business performance. In the short term, improving business success will bring profit to sales. Profit is the main motive for business consistency, because with profit, the wheels of business rotation from the variety of products and services offered and the expansion markets (Septiana, 2020), (Abdul, 2020), (Suci, 2017).

In addition, the role of micro, small and medium enterprises (MSMEs) is considered very important in increasing per capita income and improving the economy of a region, so that micro, small and medium enterprises (MSMEs) are required to be able to participate in developing the economy (Abdul, 2020). Based on the field observations, the MSME sector is considered as a savior for the Indonesian economy in the era of the monetary crisis (Suci, 2017). Potential industries to be developed in Surakarta city are culinary industry, batik industry, fashion industry, convection industry, etc. The batik industry in Indonesia is generally a small and medium enterprise (SME) which is the livelihood of some people. Before the monetary crisis in 1997, this small and medium industry had experienced rapid progress. Some batik entrepreneurs had experienced a heyday. Especially in the 1980s batik was an official outfit that had to be worn at every state event or other official event. Thus, it could introduce and improve the image of batik in the international world at that time (Nurainun, 2018), (Mita, 2019)

The number of businesses in the field of batik convection registered in Surakarta reaches 99 MSMEs based on the UKM cooperative office, one of which is Rizkya Gaya Busana MSME. The condition of these RGB MSMEs tends to stagnate and experience business setbacks due to problems: (1) experiencing a decrease in sales levels, (2) lack of understanding of the implementation of online sales media because other business actors have emerged with online marketing models, (3) a decrease in the number of consumers who buy offline to MSMEs. (4) the emergence of the younger generation who master social media as a sales medium as well as a reseller (Hartono, 2014).

Based on the portrait of the problems that occur, this research is very urgent to be researched and studied more deeply, because: (1) identification of the causes of business setbacks, (2) similar research has not been applied in RGB MSMEs, (3) research is very helpful in solving problems faced by MSMEs, (4) strategic planning in the context of business development, (5) research on local creative industry products in Solo. Rangkuti, 2019), (Mita, 2019). The business system development method applied is expected to be an alternative solution. The importance of strategy development, planning and implementation for MSMEs if they are ready to grow and develop progressively. Therefore, it is necessary to develop a strategy plan based on the results of evaluation and development through SWOT analysis and implemented for MSMEs

For the strategy development plan, identify marketing elements which are classified into three main elements; (a). Market Segmentation, as the act of identifying and forming separate groups of buyers or consumers, so that consumer segments have their own characteristics, product needs and marketing mix; (b) Targeting, as the act of selecting one or more market segments to become consumers; (c). Positioning is determining market position in building and communicating product superiority in the market (Mita, 2019).

Through SWOT analysis, it is hoped that problems can be identified and business development strategies planned. SWOT analysis is useful for identifying various factors in formulating company strategy, based on logic that can maximize strengths, opportunities, but simultaneously minimize weaknesses and threats, so it is coordinated and managed well so that development plans can be realized (Mita, 2019). Development planning in marketing is an effort to sell a product, be it goods or services, using certain planning patterns and tactics so that the number of sales is higher (Heni, 2020).

MSMEs as a business group have a very significant role in the Indonesian economy, with the number of micro business actors estimated to be mostly engaged in the informal sector, so. indicates symptoms of economic informalization and a large workforce is absorbed in the informal sector (Hartono, 2014). The position of MSMEs in the national economy has an important and strategic role. This condition is very possible because the existence of MSMEs is quite dominant in the Indonesian

economy (Sudati, 2019), so it is very important to complete research on the development, planning and implementation of strategies for MSMEs, so that they grow and develop progressively. Therefore, it is necessary to develop a development strategy plan through SWOT analysis which is urgent to be implemented for MSMEs.

2. METHOD

The object of this research is in the context of developing strategies to increase sales carried out at one of Rizky Gaya Busana MSMEs located in Surakarta regency. Respondents in the research are stakeholders in Rizky Gaya Busana, as data informants and parse qualitative and quantitative data. The type of data used is primary data, which is research data obtained directly, through observation, observation, question and answer and measurement. Primary data in this research are (1) data on the results of problem identification through observation, interviews with stakeholders, (2) data on the results of questionnaire responses, and interviews to synergize in achieving the set goals (Soegiyono, 2016).

Stages in the implementation of the research, (1) digging up a number of information and portraits of problems that occur, related to problems and plan sales improvement strategies, as well as identification based on internal and external factors; (2) identification of strengths, weaknesses, opportunities, and threats owned by MSMEs, (3) extract information through questionnaires, to respondents, and rating analysis to determine the weight and rating of problems to plan EFAS and IFAS values; (4) analyze the results by developing a SWOT plan, (5) implementation of SWOT results.

3. RESULTS AND DISCUSSION

Data Collection

The first step, through observation and strategy design, requires data on the internal and external conditions of the object of research to facilitate the process of designing future strategies. Internal and external data of the company were obtained through observations, questionnaires and interviews with 20 owners, managers and employees. The data that can be identified and obtained includes internal and external data. Internal data, in the form of strengths; (a) Modern and Up to Date batik clothing designs: MSMEs present clothing collections with modern designs, following the latest trends; (b) The quality of the products is quite good, the products sold are known for their good quality. The consistent and good quality of the clothing has created customer satisfaction and helped maintain a loyal customer base; (c) Innovation and Creativity regularly strives to bring new innovations in clothing designs and concepts; (d) Strong local distribution network has built a distribution network including physical stores and partnerships with leading fashion boutiques, (e) customer support has created a positive reputation with good customer service.

While internal conditions, as weaknesses, include: (a) Limited Production Capacity, due to having limitations in production capacity, it could lead to delays in order delivery and difficulties in meeting increased demand. (b) limited Brand Awareness: even if they have good quality, there may still be limitations in the level of brand awareness among potential customers; (c) Risk of Changing Fashion Trends, The presence of fashion trends can change rapidly, and this can be a challenge for MSMEs to stay at the forefront with up-to-date designs all the time; (d) Limited Geographic Market: MSMEs may have limitations in expanding to markets beyond their local region, which can affect business growth in the long run.

For external potential conditions of Opportunity, in the form of: (a) E-Commerce Expansion: the increasing popularity of e-commerce, having the opportunity to open their own online store or partnering with large e-commerce platforms to reach a wider market share nationally or even internationally, (b) Collaborative Partnerships, establishing partnerships with local designers or celebrities to create special collections that can attract more consumers and increase brand awareness; (c) Product Expansion, trying to expand their product line, such as accessories or clothing for specific

market segments, to fill the gap in the market and increase revenue; (d) Social Media Utilization through social media platforms effectively, these MSMEs can reach more potential audiences, increase brand awareness, and increase sales.

The external data as threats include: (a) Competition from well-known brands: Competition with well-known fashion brands can be a threat to MSMEs. Big brands often have large marketing budgets and can attract consumer attention more easily; (b) Changes in Consumer Trends and Tastes: Rapid changes in trends and consumer tastes can cause products to become less desirable if they cannot keep up with these changes; (c) Unstable Economy: Changes in the economy can affect consumer purchasing power and reduce demand for fashion products, including those offered by MSMEs; (d) Industry Regulations: Changes in government regulations or trade policies may affect production costs or market access for MSMEs (Rizki, 2023).

Data Processing (IFAS dan EFAS)

SWOT is an analytical tool that can see the company from an internal and external perspective compared to competing companies. It aims to analyze the situation or conditions in a company, so that it can formulate a company strategy in dealing with its competition with competitors. In SWOT analysis, there are 2 influencing factors, namely internal factors (IFAS) and external factors (EFAS). The following is data on IFAS and EFAS factors in MSMEs based on the results of interviews with business owners, according to table-1 and table-2

Table 1 Factor IFAS

No	Strengths
1	Modern design and <i>Up to Date</i>
2	High quality
3	Innovation and creativity
4	Strong local distribution network
5	Good customer support
6	Effective digital marketing
No	Weakness
1	Limited production capacity
2	Limited <i>Brand Awareness</i>
3	Risk of changing fashion trends
4	Limited Geographic market

Source: Processed data (2023)

Tabel 2 Faktor EFAS

No	Opportunities
1	E-Commerce expansion
2	Collaborative partnership
2	Product expansion
3	Social media utilization
No	Threats
1	Competition from popular brand
2	Changes in trends and consumer tastes
3	An unstable economy
4	Industrial regulation

Source: Processed data (2023)

Pembobotan dan Rating SWOT

Based on the data obtained, careful weighting and rating are carried out on each SWOT element based on its significance to business success by stakeholders including the 1st respondent who is the business owner, then the 2nd respondent as the CEO of MSMEs and the 3rd respondent Manager of

the creative section. The following are the results of the weighting and rating of each SWOT element, according to Table-3 and Table-4.

Table-3 weighting and rating for internal factors

No	Strengths	weighting	Rating	Score
1	Modern design and <i>Up to Date</i>	0.16	4.00	0.63
2	High quality	0.16	4.00	0.63
3	Innovation and creativity	0.18	4.00	0.74
4	Strong local distribution network	0.16	4.00	0.63
5	Good customer support	0.17	3.67	0.63
6	Effective digital marketing	0.17	4.00	0.68
Total				3.94
No	Weakness	weighting	Rating	Score
1	Limited production capacity	0.25	3.33	0.83
2	Limited <i>Brand Awareness</i>	0.25	3.67	0.92
3	Risk of changing fashion trends	0.25	3.00	0.75
4	Limited Geographic market	0.25	3.00	0.75
Total				-3.25
X-axis coordinates				0.69

Source: Processed data (2023)

Table-4 weighting and Rating for External Factors

No	Opportunities	weighting	Rating	Score
1	E-Commerce expansion	0.23	3.00	0.69
2	Collaborative partnership	0.23	3.00	0.69
3	Product expansion	0.23	3.00	0.69
4	Social media utilization	0.31	3.67	1.15
Total				3.21
No	Threats	weighting	Rating	Score
1	Competition from popular brand	0.22	2.67	0.60
2	Changes in trends and consumer tastes	0.24	2.67	0.65
3	An unstable economy	0.29	3.67	1.05
4	Industrial regulation	0.24	2.67	0.65
Total				-2.95
Axis Coordinates Y				0.26

Source: Processed data (2023)

After the scores and ratings for internal and external factors are calculated, the results of the coordinate values are then put into the SWOT quadrant which can be seen in Figure-1:

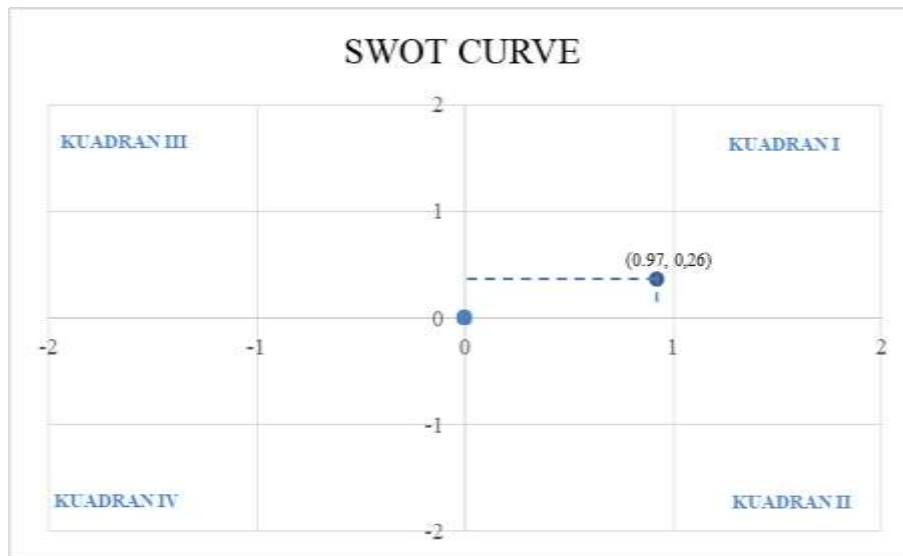


Figure- 1 Coordinat on SWOT curve

Based on the results of the SWOT curve above, the meeting point between the two IFAS and EFAS factors is in quadrant I. In this quadrant, the company has a very favorable situation. The company has opportunities and strengths so it can take advantage of existing opportunities (Bahtera, 2019). The strategy that must be set in this condition is to support an aggressive growth policy (Growth oriented strategy). From Tables -3 and table- 4, Rizkya Gaya Busana currently has several strong strengths to deal with competition in the fashion industry. Modern and up to date designs, high quality products, innovation and creativity in its products, and good customer support are important assets for this company. In addition, effective digital marketing and a strong local distribution network also help achieve better market visibility and penetration. However, there are some weaknesses and threats that these MSMEs need to overcome.

SWOT Matrix

After making a SWOT analysis diagram, a matrix is created and determined as a SWOT information table. The matrix will compare internal factors including Strength and Weakness with external factors Opportunity and Threat. The SWOT matrix can help clearly illustrate the strategy that will be compiled from a combination of internal factors and external factors of the company. The strategy chosen is the most profitable strategy for the company, with the minimum possible risks and threats (Akbar, 2015) (Suranto, 2016). The following is a SWOT matrix on the Rizkya Gaya Busana MSME business which can be seen in table-5.

Table-5. SWOT Matrix

Internal	Strengths	Weakness
	1. Modern and Up to Date Design	1. Limited Production Capacity
	2. High Quality	2. Limited Brand Awareness
	3. Innovation and Creativity	3. Risk of Changing Fashion Trends
	4. Strong Local Distribution Network	4. Limited Geographic Market
	5. Good Customer Support	
	6. Effective Digital Marketing	
External		
Opportunities	S-O Strategy	W-O SStrategy
1. E-Commerce Expansion	1. Develop an e-commerce website.	1. Expand production facilities or finding

2. Collaborative Partnerships	2. Establish partnerships with famous designers or other fashion brands.	production partners 2. Use influencers.
3. Product Expansion	3. Identify market needs	3. Utilize e-commerce expansion opportunities.
4. Social Media Utilization	4. Utilize advertising features in the media	
	S-T Strategy	W-T Strategy
1. Competition from popular brand	1. Provide better customer service.	1. Establish partnerships with other producers
2. Changes in trends and consumer tastes	2. Maintain flexibility in design and production.	2. Do flexible marketing campaigns,
3. An unstable economy	3. Create a business plan.	3. Develop brand identity
4. Industrial regulation		4. Identify potential market opportunities in other regions.

Source: Processed data (2023)

Based on the data and analysis, the results of the SWOT curve (figure4.2), the intersection point between the two IFAS and EFAS factors is in quadrant I. In this quadrant, the company has a very favorable situation. The company has opportunities and strengths so it can take advantage of existing opportunities. The strategy that must be set in this condition is to support growth oriented strategy. Therefore, the author will provide a strategy proposal in increasing the sales of Rizkya Gaya Busana MSMEs based on the SWOT matrix. The following is a proposed strategy for Rizkya Gaya Busana MSMEs:

1. S-O Strategy

Rizkya Gaya Busana's product design is modern and up to date which of course has good quality. Rizkya Gaya Busana is also aggressively innovating to identify existing opportunities so that the following strategic recommendations can be provided:

- a. Develop a responsive and attractive e-commerce website to increase online market exposure.
- b. Establish partnerships with renowned designers or other fashion brands to create customized collaborations and reach out to different customer bases.
- c. Identify existing unmet market needs and expand product lines according to consumer demand
- d. Utilize advertising and promotion features on social media to increase brand visibility.

2. W-O Strategy

Rizkya Gaya Busana has several weaknesses such as limited production capacity, limited brand awareness, risk of changing fashion trends and limited geographic markets, but by utilizing the existing opportunities, the following strategy can be proposed:

- a. Expand production facilities or seek production partners to overcome capacity constraints.
- b. Use influencers and celebrity collaborations to increase brand visibility.
- c. Capitalize on e-commerce expansion opportunities to reach a wider market

3. S-T Strategy

Indeed, Rizkya Gaya Busana cannot be separated from external threats such as competition from well-known brands, changes in consumer trends and tastes, an unstable economy and industry regulations. However, by maximizing the strengths possessed by Rizkya Gaya Busana, strategies can be recommended including:

- a. Deal with the competition by providing better customer service and a pleasant shopping experience
- b. Maintain flexibility in design and production to keep up with rapidly changing trends.
- c. Create a business plan that is responsive to economic fluctuations and has strategies to overcome difficult situations.

4. W-T Strategy

By combining the right strategies to overcome weaknesses and deal with threats, Rizkyaya Gaya Busana MSME can build a stronger foundation and strengthen its position in the market. In addition, MSMEs must always adapt quickly to changes in the business environment and maintain flexibility in operations to remain competitive, so the following strategies can be suggested:

- a. Establish partnerships with other producers who have bigger production facilities can help overcome capacity constraints.
- b. Do flexible marketing campaigns, such as temporary advertising campaigns that capture the latest trends, as well as a focus on promotion on social media to increase brand visibility.
- c. Develop a strong brand identity and differentiate themselves from established brands through unique designs and consistent product quality.
- d. Identify potential market opportunities in other regions that have more friendly industrial regulations for MSMEs

4. CONCLUSION

Based on the research results, it can be explained that the position of MSMEs is in quadrant one. The strategy is appropriate and appropriate in this quadrant with a strategic plan that supports aggressive growth policies (Growth oriented strategy). The recommended strategy is focused on maximizing the strengths and opportunities that exist in MSMEs.

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