

MANAGEMENT ANALYSIS OF MSME BUSINESS STRATEGIES IN ENCOURAGING THE ACCELERATION OF NATIONAL ECONOMIC RECOVERY IN GORONTALO PROVINCE

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ABSTRACT

This study aims to formulate an MSME business strategy management model in encouraging the acceleration of national economic recovery with a research focus, namely the identification of internal and external factors of MSMEs and the preparation of MSME strategy models. The population is determined by purposive sampling and purposive sampling. The data analysis used is a qualitative descriptive method, namely identifying various problems faced by MSMEs in Gorontalo province and analyzing them using SWOT analysis and then formulating a strategy model to overcome them. MSMEs are a very important sector and play an active role in the Indonesian economy. The role of MSMEs also includes the acceleration of Indonesia's economic growth. This is because there is a match between the role of MSMEs in providing jobs and the formation of added value. Especially the strategic management aspects that must be carried out by MSMEs both in increasing production, increasing the capacity of MSME human resources, capital, and marketing activities. Another thing is the importance of the government's role and attention to continue to encourage MSME players to increase their production and help market MSME products not only at the local level but can reach abroad. This activity is expected to immediately restore economic conditions in the current post-pandemic period for the better.

Keywords: **Business, Strategy, Management, Economic, Recovery**

INTRODUCTION

MSMEs have a strategic role in the domestic economy, reflected in the large number of business units, high employment, and contribution to GDP. MSMEs contribute an average of 57% to GDP and absorb 97% of the total workforce. MSMEs have high resilience in facing various crises, including the Covid-19 crisis that occurred two years earlier. MSMEs are even a buffer that is resilient and can recover at a good speed.

MSMEs are the most important pillar in the Indonesian economy. According to data from the Ministry of Cooperatives and MSMEs, the market share of MSMEs is around 99.9% (62.9 million units) with a contribution of absorbing around 97% of the national workforce and a Gross Domestic Product of 61%. This makes MSMEs a safety net as well as a driver of the economy, because MSMEs have a fast transaction cycle and their products tend to be directly related to the main needs of the

community. MSME problems in the last two years due to Covid-19 more than 48% of MSMEs experienced raw material problems, 77% of their income decreased, 88% of MSMEs experienced a decrease in product demand, and even 97% of MSMEs experienced a decrease in asset value. As a result, the national economy contracted with economic growth of -5.3%. For this reason, a business strategy management model is needed for MSMEs in encouraging the acceleration of national economic recovery.

In Gorontalo Province, the number of MSMEs recorded in the Office of Cooperatives, MSMEs, Industry and Trade amounted to 94,829. 31% of the number of MSMEs collapsed during the Covid-19 pandemic, which caused the economic condition of Gorontalo province in the first quarter of 2021 to contract by -1.98 percent. The factor causing the collapse of MSMEs during the pandemic is due to production costs that are not proportional to sales profits. Many products are not selling well, raw materials are increasingly expensive and business capital is limited. So the need for efforts in the development of MSMEs in terms of strategic management and business management and how to obtain funding so that they are able to compete, be independent, adaptive to environmental changes, and can contribute significantly to the regional economy. A business that utilizes a strategic management approach is more profitable than a business that does not apply strategic management (1). A strategic management approach with the concept of competitive advantage is an alternative to MSME development that is in line with the context of competition and the changing environment (2) and (3)

Efforts to make MSMEs able to compete, independent, adaptive to environmental changes, and can contribute significantly to the economy of Gorontalo province are not enough if only through government policies. Therefore, it is necessary to formulate strategic efforts in developing MSMEs in Gorontalo Province. To achieve business goals and success, a company needs to have an efficient and targeted business strategy (4); (5). Strategic management is a pattern that is implemented thoroughly by the organizational layer and directs the organization towards understanding the advantages and disadvantages possessed to survive in the industry (6) Strategy management serves as a strategic tool to improve business performance more optimally and adaptive to environmental changes, discussing the relationship between the organization and the internal and external environment (7). Strategy management includes 4 stages, namely (a) Environmental Analysis, (b) Strategy Formulation, (c) Strategy Implementation (d) Strategy Evaluation and Control (8).

According to (1) in general, strategies are divided into three levels, namely the first is Corporate Strategy, which is the level of strategy formulated and implemented by the top level of management, or top management, where within the scope of MSMEs, this strategy is applied and formulated by owners, pioneers, or business actors. In this section, the actor determines the direction of his business in the future, whether his business will be grown, remain unchanged, (*Delay*), or collapsed (*Retrenchment*) (12).

The second level is Business Strategy. which is a level of strategy formulated and implemented by the middle level of management or *midle management* where in the scope of MSMEs, especially micro-scale ones, this strategy is still formulated and applied by owners or actors and business pioneers. In this section, the perpetrators determine whether their efforts will carry out *competitive* actions (tend to attack, compete) either directly, indirectly, or overtly and clandestinely. The last level is the Functional Strategy, which is the level of strategy formulated and implemented by the lower level of management (*low management*) where within the scope of MSMEs, this strategy is formulated by the top level such as the owner and carried out by workers in the business. In this section, it is also determined how the business strategy in each of the 4 business functions, namely the Marketing, Finance, Operations, and HR functions.

Gambar 1.1 Strategi Mapping (1)



RESEARCH METHODS

This research is a type of descriptive research with a qualitative approach (Sugiyono, 2016), which is a research based on natural phenomena and

emphasizes meaning rather than generalization. This research is directed to analyze MSME Business Strategy Management in Encouraging the Acceleration of National Economic Recovery in Gorontalo Province. In this research, the focus of research is the management of business strategies (production, human resources, finance and marketing) carried out by MSMEs. Knowing the strengths, weaknesses, opportunities and threats in the development of MSMEs and their products. Designing a business strategy management model for MSME development. The data sources used are primary data sources and secondary data and use data collection techniques, namely by observation, interviews and document review. Data analysis with the data triangulation method in the form of data collection, reduction and presentation of data and drawing conclusions. The research location of the district and city areas in Gorontalo province with a research time of 3 months, namely from July-September.

RESULTS OF RESEARCH AND DISCUSSION

Gorontalo province is located between 0° 19' – 0° 57' North Latitude and 121° 23' – 125° 14' East Longitude. Geographically, Gorontalo Province is directly adjacent to two other provinces, namely Central Sulawesi Province to the West and North Sulawesi Province to the East. While in the north directly facing the Sulawesi Sea and in the south bounded by Tomini Bay. Gorontalo as one of the provinces in the Indonesian region. The Eastern part is located in a very strategic position. It is located facing the Pacific Sea surrounded by the Philippines, Brunei Darussalam, Malaysia, Taiwan, Korea, and Japan. In addition, Gorontalo is also located in the process of growth of the area around the Tomini Bay Area such as Bolaang Mongondow Regency in North Sulawesi, Buol Toli-toli Regency, Moutong Regency, Parigi, Poso Regency, Luwuk Regency, and Banggai Regency in Central Sulawesi.

The topography of Gorontalo province is mostly plain and hilly, potential for the development of agricultural and plantation commodities. Plains and mountains have potential for plantation and forestry development. In addition, the potential of fisheries and animal husbandry in Gorontalo Province is also prospective to be developed. Marine potential has various types of fish with a fairly high level of production and good quality. Similarly, Lake Limboto is a potential for the development of inland fisheries. In addition to fish farming in ponds and ponds. The livestock sector on the one hand is supported by the availability of large areas of land for development, on the other hand it is also supported by abundant animal feed raw materials both sourced from agriculture, plantations and fisheries.

The population of Gorontalo based on BPS data from Gorontalo province in 2021 is 1,192,737 people with the distribution of population according to City districts varying from the lowest 10.78% in North Gorontalo Regency to the highest in Gorontalo Regency as much as 33.43%. Most of the livelihoods of the people of Gorontalo province are farmers.

Economic growth in Gorontalo province in the second quarter of 2023 against the second quarter of 2022 (year on year) grew by 4.25 percent. (Central Bureau of Statistics Gorontalo Province) In terms of production, the highest growth was achieved by the category of wholesale and retail trade, car and motorcycle repairs by 11.25 percent. Meanwhile, in terms of expenditure, the highest growth was achieved by the export component of goods and services which grew by 5.97 percent. If shown the comparison between islands, Sulawesi experienced the highest growth of 6.64 percent. It is dominated by mining and industry, but Gorontalo Province does not have both. Economic growth in Gorontalo Province is currently influenced by trade, namely the sale of motor vehicles. The economy of Gorontalo based on the amount of Gross Regional Domestic Product (GRDP) on the basis of prices in force in the second quarter of 2023 reached Rp. 12,743.46 billion and on the basis of constant prices in 2010 reached Rp. 7,886.08 billion. Since Gorontalo province was formed in 2000, the economy has experienced significant growth. The business world and industry continue to grow both micro, small, medium scale businesses and large MSMEs. The absorbed workforce also increases along with the opening of jobs and increased investment. This can be seen in the table data below.

Tabel 1.1
Number of MSMEs, Labor, Investment, and Production Value of Micro Small Industries by Type in Gorontalo Province
Year 2023

Kabupaten/Kota	Banyaknya UMKM	Tenaga Kerja	Investasi (Juta Rupiah)	Nilai Produksi (Juta Rupiah)
Industri Pangan	6 740	14 786	84 233,35	228 473,94
Industri Sandang	1 950	4 543	33 627,71	96 085,62
Industri Kimia dan Bahan Bangunan	1 265	3 683	23 025,13	83 907,03
Industri Logam dan Elektronika	516	1 510	6 553,08	33 570,88
Industri Kerajinan	3 917	11 001	45 198,7	138 262,62

JUMLAH	14 388	35 523	192 637,97	580 300,09
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Sumber: Dinas Perindustrian, Perdagangan dan Koperasi Provinsi Gorontalo

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MSME Business Strategy Management

Strategic management is a process used by managers and employees to formulate and implement strategies in providing the best customer value to realize the vision of MSMEs. Basically, strategic management is an effort by management and employees to build the future of MSMEs. Strategy is the main pattern of action chosen to realize the vision of MSMEs, through mission. (1) According to (2) Strategic management is what managers do to develop organizational strategy. This is an important task that involves all basic management functions - planning, organizing, leading and controlling. According to (4). In the Strategic Management Process consists of three stages, namely: Strategy Formulation, Strategy Implementation, and Strategy Evaluation.

Strategy Formulation

This includes developing a vision and mission, identifying the organization's external opportunities and threats, determining internal strengths and weaknesses, setting long-term goals, generating alternative strategies, and selecting specific strategies to pursue. Strategy – formulation issues include deciding what new businesses to enter, what businesses to leave, whether to merge or form joint ventures, and how to avoid hostile takeovers. (4).

Strategy Implementation

Requires an MSME to build annual *objectives*, formulate policies, motivate employees, and allocate resources so that the formulated strategies can be implemented. Strategy implementation includes developing a supportive strategy—culture, creating an effective organizational structure, directing marketing efforts, preparing budgets, developing and using information systems, and linking employee compensation to organizational performance. (4).

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Product development

With the current unstable economic conditions, the production conditions of MSME players have decreased. This happens due to people's weak purchasing power caused by economic factors and higher demand due to inflation. For this reason, a product development strategy is needed for MSME players in Gorontalo province by looking at consumer desires to provide satisfaction, because consumer satisfaction is a way to strengthen positions in similar markets. In accordance with the theory, new product development is an important and demanding strategic activity because the most important product development nature is to provide satisfaction to consumers by providing new products that need to be tailored to consumer needs and help to strengthen the product's position in the market (7).

Developing products to provide satisfaction to consumers is carried out by MSME players by attaching importance to *consumer core benefits*, with the aim that consumers get products that suit their wishes. MSME players get many consumers who even become subscriptions. Product development that prioritizes consumer benefits, finally consumers are satisfied because they feel very profitable buying products owned by these MSMEs. Even MSME players in Gorontalo accept custom products in order to meet the wishes of their consumers, and provide good quality and provide products with new designs. As in the theory taken by researchers according to (6) *Core benefits* are the main benefits that consumers want for something purchased and as MSME actors must be able to fulfill this. For creative industry MSME players, it is mandatory to develop products, even if only from updating designs, improving materials to better quality, adding types of products that are not yet on the market and always following trends so that consumers get products that are beyond their expectations. Like the theory that researchers use according to (6) explaining *augmented products*, consumers can get better things than imagined by consumers. Producing a product for creative industry MSMEs, must have high sales potential. The product will later be marketed in the future by MSME players in Gorontalo, and before producing MSME players have an analysis or concept for the product to be produced because it is to make it easier for actors to prepare the latest products in the future. to surprise its consumers. Like the theory used by researchers according to (6) that *potential products*, namely where producers must look for added value of other products for the future, which can make their subscriptions satisfied and can be displayed as a surprise.

Human resources

In supporting national economic activities, especially in terms of overcoming poverty, unemployment and gaps between sectors, the existence of MSMEs is very strategic. However, in carrying out the strategic role of MSMEs, it is not uncommon to encounter obstacles, both practical and non-practical, both internally and externally.

The review of MSME Strategic Management is currently directed, especially in the Strategic HR review which is associated with preparing the concept of Economic empowerment in MSMEs to face the industrial revolution 4.0, there are at least three things that need to be considered by all parties. The first is quality, which is an effort to produce quality human resources to suit the needs of the digital technology-based job market. Second, is the problem of quantity, which is to produce a number of qualified, competent and appropriate human resources according to industry needs. Third, is the problem of uneven distribution of quality human

resources. Regarding efforts to increase the competence and productivity of human resources, massive efforts need to be made through job training institutions, professional certification bodies that are being carried out by the government through training at Job Training Centers and apprenticeship programs. To answer the challenges of the industrial revolution era 4.0 is not enough just with old human literacy, which is only based on the ability to read, write and count.

According to (9), to get competitive human resources in industry 4.0, the education curriculum must be designed so that the output is able to master new literacy, namely:

1. Data literacy, namely the ability to read, analyze and utilize big data information in the digital world
2. Technology literacy, namely understanding how machines work, technology applications (*coding, artificial intelligence and engineering principles*),
3. Human literacy, *humanities*, communication and design.

In the perspective of human literacy, the goal is for humans to function well in an increasingly dynamic human environment. In industry 4.0, the basic capital of human resources that must be possessed are: skills, namely leadership and working in teams (*teamwork*), agility and cultural maturity (*cultural agility*), with different cultural backgrounds can still work together, and *entrepreneurship*. However, the fundamental capital of human resources that have been considered successful in HR practices in MSMEs must still be considered. It is even clearer that, to carry out the maximum development of MSMEs, reliable human resources (HR) are needed, in this case are leaders of various institutions or institutions with authority, both private and government, ranging from making strategic planning, strategic implementation to evaluation in accordance with the steps of implementing strategic management itself.

Financial Resources

MSMEs' control of sources of funds and efficient fund management are still low. MSME players in Gorontalo still need additional capital. Additional capital is used to increase the purchase of raw materials and production equipment. Most MSME actors do not understand the administrative aspects and credit procedures in banks and non-banks. A large number of MSME players stated that they had no experience borrowing money from banks, lack of knowledge and access to capital in bank and non-bank financial institutions. In addition, the ability of MSMEs in financial administration or efficient fund management is also still low. Some MSME actors stated that they still mix money between personal

(household) needs and their business needs. This risks business profitability that is not measured with certainty, whether profit or loss.

Marketing Activities

Marketing strategies or MSME marketing activities in Gorontalo are classified as unique / superior according to the results of the analysis of products, prices, places, and promotions applied. Business actors agree that the current competitive conditions and changing consumer needs require them to use the right marketing strategy and must always be close to their market. Several respondents stated related to the marketing aspect that MSMEs in Gorontalo can provide the right products, decent and competitive prices, selection of appropriate distribution channels, and selection of effective promotional media for their customers because they prioritize added value and differentiation/differentiation.

The marketing strategy of MSMEs will involve two important things: first is what kind of consumers MSMEs will serve, in this case MSMEs must determine market segmentation and target markets to be served, then the second is how MSMEs create value for these target markets, in this case MSMEs must be able to determine their differentiation and positioning for consumers (8). Strategy formulation is a process at the organizational level by combining various types of business process activities to be able to formulate the mission and strategic objectives of MSMEs. These business process activities also include the process of analysis, planning, and decision making, and management which all these aspects will be heavily influenced by the culture and value system contained in the organization. (9). In determining marketing strategies, we must be able to determine which consumers we can serve and meet their needs well as how MSMEs to inform their value to these consumers. This process can be described in relation to determining market segmentation, determining target markets, determining market positioning, and differentiating MSMEs (8).

1. MSME Development Strategy in Encouraging Regional Economy and National Economic Recovery

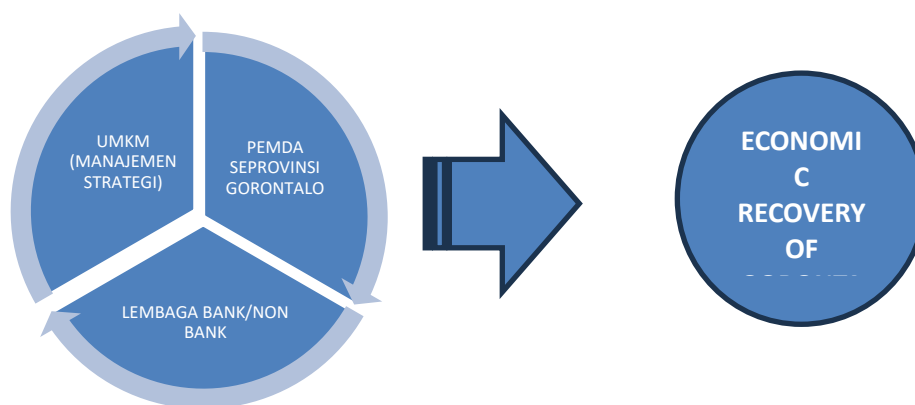
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Based on conceptual analysis, the strategy management model for MSMEs and their contribution to economic recovery in Gorontalo province and used as government guidelines to design the right policies and strategies for the existence of MSMEs in Gorontalo province are, MSME actors as targets, large sector business actors (Private / BUMN) as coaches / mentors and banks as guarantors of capital by providing business capital assistance, training and mentoring digital marketing models. In terms of MSME strategy management scheme and its contribution to economic recovery in Gorontalo province are as follows:

Figure 1.3

MSME strategy management cycle in encouraging regional economic recovery in Gorontalo Province



One of the keys for MSMEs to survive is to adapt to market changes, both changes in demand by innovating products in accordance with the needs of today's society. MSME players must be able to develop a good

business strategy as part of adaptation to survive and also continue to thrive in current conditions. To implement the three strategies mentioned above effectively, MSME actors can collaborate with various parties so that they can move faster and more effectively. The right partner and *//in accordance with the shared vision and mission can increase the effectiveness of MSME product marketing twice as much as before so as to encourage an increase in MSME business volume and encourage regional economic improvement.

CONCLUSION

MSMEs are a very important sector and play an active role in the Indonesian economy. The role of MSMEs also includes the acceleration of Indonesia's economic growth. This is because there is a match between the role of MSMEs in providing jobs and the formation of added value. Especially the strategic management aspects that must be carried out by MSMEs both in increasing production, increasing the capacity of MSME human resources, capital, and marketing activities. Another thing is the importance of the government's role and attention to continue to encourage MSME players to increase their production and help market MSME products not only at the local level but can reach abroad.

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