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Strategy for Developing Small Micro and Medium Enterprises of Culinary in Baturaja City, OKU Regency

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ABSTRACT

This study aims to analyze Internal and External Factors in the development of Culinary MSMEs in Baturaja City, OKU Regency, to find out the development strategy of Culinary MSMEs to increase economic growth in Baturaja City, OKU Regency. The type of research used in this study is the survey method. The data analysis used in this study is a SWOT analysis. From the results of the research, several internal factors and external factors, internal factors are strength; services to consumers, promotional media, availability of raw materials, and labor. Weaknesses: lack of ability to innovate products, limited availability of funding sources for development, weaknesses in purchasing raw materials, limited production process technology. Meanwhile, external factors are, opportunities: consumer response on social media, the presence of performers, government support, infrastructure. From the results of the research, it can be found that the development strategies carried out to develop culinary MSMEs in Baturaja City, OKU Regency are the SO Strategy (Differentiation and development of quality-oriented products and the development of marketing or promotion strategies), the WO Strategy (Development of more varied product designs and the development of production processes with the revitalization of more modern machines and equipment), the ST Strategy (Highly competitive product development with local characteristics, Credit policy with lower interest and simpler processes and improvement of the quality of physical infrastructure), WT Strategy (Development of promotion to the market with more sophisticated media and Increasing the role of external institutions, large business associations in the development of MSME businesses)

1. INTRODUCTION

1.1. Research Background

Micro, small, and medium enterprises play an important role in the economic development of a country. This is true not only in Indonesia but also in many other countries. MSMEs are said to play a significant role in global economic growth. Based on data from the Ministry of Cooperatives and SMEs of the Republic of Indonesia, the Economic Census from the Central Statistics Agency in 2016 shows the large contribution of MSMEs to the Indonesian economy: MSMEs absorb up to 89.2 percent of the total workforce. MSMEs provide up to 99 percent of the total employment. MSMEs account for 60.34 percent of the total national GDP. MSMEs accounted for 14.17 percent of total

exports. MSMEs account for 58.18 percent of total investment [1].

In Indonesia itself, the MSME sector undoubtedly contributes to the economy. The role of small business groups in production, job creation, income equity, and exports is very important for the Indonesian economy. In the economic world, small businesses are the fuel for economic development. Thanks to their private ownership, entrepreneurial spirit, flexibility, and ability to adapt to various challenging situations and uncertainties, MSMEs have finally contributed greatly to economic growth and labor absorption [2].

In the past, micro, small and medium enterprises were not considered a significant factor in the economy. The government does not show special attention contained in the policy because it is considered not a priority. However, over the past decade, small businesses have shown their tremendous influence on economic



growth and stability. Micro, small and medium enterprises play a vital role in the economy by creating jobs, encouraging local economic stability and growth, and generating many innovations and creations. With the creation of creation and innovation, competition and collaboration to create high-value products are formed [3].

The existence of micro, small and medium enterprises (MSMEs) is the largest part of the national economy, representing community participation in various sectors of economic activities. MSMEs have so far proven to be a safety net in times of crisis, through the mechanism of job creation and added value. success in increasing MSMEs means strengthening businesses in the community. This can help accelerate the process of national economic recovery, and at the same time be a source of real support for local governments in the implementation of government autonomy. The development of MSMEs is a very good process to bring a nation to prosperity. The development of MSMEs can expand employment and utilize the potential of natural resources and human resources so as to improve a country's economy [4].

This leads the community to depend on small and medium businesses, both directly and indirectly. Tight competition or the breadth of collaboration allows MSMEs to play a role in absorbing as much labor as possible. Another meaning for the economy is of course the creation of profits and a decrease in the unemployment rate.

Economic development in Ogan Komering Ulu Regency, especially in the micro business sector, is very rapid. A very rapid increase in micro businesses was seen in 2020, which was 37,628 business units. The very high increase in the MSME sector is also accompanied by an increase in working capital and investment, turnover, and labor absorption. Data on the development of MSMEs in OKU Regency can be seen in Table 1.

Table 1. MSME Development Data in 2017-2021 Ogan Komering Ulu Regency

Year	Σ MSMEs (unit)	Working Capital and Investment (million Rp)	Turnover (million Rp)	Kindergarten Absorption (Soul)
2017	7.695	595.681,43	3.018.237,61	75.935
2018	8.079	682.405,89	3.467.971,93	79.813
2019	8.482	757.056,45	3.807.729,89	82.505
2020	8.568	765.347,21	3.845.800,15	82.590
2021	37.268	1.512.533,39	7.287.176,15	198.664

Source: Cooperatives and SMEs Office of OKU Regency (2022).

The growth of MSMEs, especially in the city of Baturaja, OKU Regency, is dominated by MSMEs in the culinary sector, which has been so rapid in the last few years. It is evidenced by the results of research on Superior Commodity Products and Business Types (KPJU) of Sriwijaya University some time ago where Culinary MSMEs dominate. Culinary businesses are MSMEs engaged in the culinary field such as selling food and raw materials for making food, with the initial thought that humans must eat, then the culinary business is believed to be able to promise a great profit. It seems that the Covid 19 pandemic has resulted in a decrease in MSME revenue turnover, therefore a precise marketing strategy is needed in the development of culinary MSMEs during the current economic recovery period so

that it will restore revenue turnover to normal conditions before the pandemic. It can be seen in Table 2.

Table 2. Number of MSMEs in the Culinary Sector, 2018-2022.

Description	Year				
	2018	2019	2020	2021	2022
- Micro Entrepreneurs	1.968	2.090	2.134	19.090	23.873
- Small Entrepreneurs	1.280	1.354	1.363	1.364	1.364
- Medium Entrepreneurs	78	82	83	83	84
Total	6.652	7.052	7.160	41.072	50.638

Source: Cooperatives and SMEs Office of OKU Regency (2022).

Based on Table 1.2, it can be seen that the number of business actors ranging from micro to medium entrepreneurs continues to increase. This means that MSMEs, especially in the culinary sector, are quite promising in the current era.

2. RESEARCH METHODS

The research method used in this study is a survey method. The method of drawing samples in the study using the sample method is a census The number of samples obtained can be seen in Table 3.

Table 3. Respondents Based on MSME Business Division Baturaja District, OKU Regency

Yes	MSME Type Category	Number of Efforts	Percentage (%)
1	Micro	5	16,67%
2	Small	10	33,34%
4	Intermediate	15	50%
Total		30	100%

Source : Primary Data, 2022 (processed)

Based on Table 3, the results were obtained that the majority of respondents in the Micro MSME category amounted to 5 with a rate of 16.67%, Small MSMEs amounted to 10 businesses with a percentage level of 33.34% and Medium MSME types amounted to 15 businesses with a percentage level of 50%. In the type of Baturaja Culinary MSME business field, OKU Regency is small and medium businesses. The data analysis used in this study is a SWOT analysis.

3. RESULTS AND DISCUSSION

3.1. Internal and External Factors of the Culinary Business in Baturaja City

To determine the right MSME development strategy in Baturaja, OKU Regency, based on the results of the research, various problems faced by MSME actors can be known. These various problems can be classified into two aspects, namely internal aspects faced in MSMEs and external aspects that come from outside MSMEs. A brief description of the survey results on these two aspects is presented in Table 4 below. This finding is in line with the results of a study conducted by Ref. [5].

Table 4. Various Internal and External Problems of MSMEs Culinary in Baturaja, OKU Regency, 2022

External Analysis Factors	Internal Analysis Factors
OPPORTUNITIES	STRENGTH:
Consumer Response on Social Media	Service to consumers
The presence of performers	Promotional Media
Availability of raw materials	Availability of raw materials
Infrastructure	Workforce
THREAT	Weakness:
Unstable economic conditions	Lack of ability to innovate products
Lack of contribution from external parties, such as associations, investors	Limited availability of funding sources for business development
Difficulty expanding new market share	Disadvantages in purchasing raw materials
Banking conditions with high interest rates	Limitations of production process technology

Source : Primary Data, 2022

3.2. SWOT Matrix

SWOT matrix development based on SWOT analysis. The design of the culinary MSME development strategy that needs to be carried out can be derived from the results of the SWOT analysis as explained in Table 3.

Based on the results of the SWOT analysis, the MSME development strategy includes: (1) Differentiation and development of quality-oriented products; (2) Development of marketing or promotion strategies (3) Development of more varied product designs (4) Development of production processes with more revitalization of machinery and equipment (5) Development of highly competitive products with local characteristics (6) Credit policy with lower interest rates and simpler processes (7) Improvement of the quality of physical and non-physical infrastructure; (8) Development of promotion to the market with more sophisticated media (9) Increasing the role of external institutions, large entrepreneur associations in the development of MSME businesses (10) Increasing the role of external institutions, large entrepreneur associations in the development of MSME businesses.

Details of MSME Development Strategy. In handling every project or object of industrial development, both problem solving and development oriented, the development strategy pursued is based on a logical and comprehensive approach pattern through twosimultaneous steps that are synergistic with each other, namely: (1) Strengthening the attractiveness of the factors that make up the demand side of industrial products (*Demand Pull Strategy*) through various forms of efforts that are following their circumstances and needs; and (2) Strengthening the carrying capacity of the driving factors in terms of supply capacity (*Supply Push Strategy*) to facilitate production activities competitively, following their conditions and needs.

The institutionalization of development efforts through these two approaches in terms of strengthening the driving factors for all sectors/industrial groups is taken by the steps outlined in the MSME development program. Although the development approach as above can be applied at all scales of development object units from the sector level or industrial group/branch at the national/regional level on a macro basis, to the level of industrial

centers and business units on a micro basis, but due to the consideration of efficiency as a result of limited development resources compared to the breadth of the fostered objects, the priority of MSME development or development focus is taken. The implementation of development strategies for each type of prioritized industry will only be able to reach as small as the level of small industrial centers.

Table 3. Formulation of SWOT Matrix Based on SWOT Analysis

		Strength	Weakness	
		● MSME products are distinctive and unique	●	Relatively simple product design
		● Availability of local raw materials	●	Relatively old production machinery and equipment
		● Adequate manpower availability	●	Lack of cooking workers (chefs) from within the region
Opportunities		S-O Strategy	W-O Strategy	
●	Market opportunities open on social media	● Differentiation and development of quality-oriented products	●	Development of more varied product designs
●	Availability of adequate raw materials	● Development of marketing or promotional strategies	●	Development of production processes with revitalization of more modern machinery and equipment
Threat		S-T Strategy	W-O Strategy	
●	Less stable economic conditions affect capital	● A highly competitive product with local characteristics	●	Development of promotions to the market with more sophisticated media
●	Lack of contribution from external parties, such as associations, investors	● Credit policy with cheaper interest and simpler process	●	Increasing the role of external institutions, large entrepreneur associations in the development of MSME businesses
●	Inadequate infrastructure	● Improving the quality of physical and non-physical infrastructure		

The MSME center approach is taken in connection with the tendency of the competition era which increasingly demands a shift in individual competition patterns towards *collective competitiveness* towards national and global competitiveness. Before an object (e.g. a center or a prospective small industrial center) is determined to be used as a development project, it is necessary to first assess that the object is *suitable for* development to be used as a project or activity target.

4. CONCLUSIONS

From the results of the research, several internal factors and external factors, internal factors are strength; services to consumers, promotional media, availability of raw materials, and labor. Weaknesses: lack of ability to innovate products, limited

availability of funding sources for development, weaknesses in purchasing raw materials, limited production process technology. Meanwhile, external factors are, opportunities: consumer response on social media, the presence of performers, government support, and infrastructure. From the results of the research, it can be found that the development strategies carried out to develop culinary MSMEs in Baturaja City, OKU Regency are the SO Strategy (Differentiation and development of quality-oriented products and the development of marketing or promotion strategies), the WO Strategy (Development of more varied product designs and the development of production processes with the revitalization of more modern machines and equipment), the ST Strategy (Highly competitive product development with local characteristics, Credit policy with lower interest and simpler processes and improvement of the quality of physical infrastructure), WT Strategy (Development of promotion to the market with more sophisticated media and Increasing the role of external institutions, large business associations in the development of MSME businesses). It is necessary to implement four development strategies to develop shallot farming as a leading commodity in OKU Regency.

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