

## Formulating the MSMEs Development Strategy During the Covid-19 Pandemic Using Swot Analysis

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### *Abstract*

*The COVID-19's rapid spread in Indonesia undoubtedly had a significant impact on the Indonesian economy. This research aims to formulate an MSMEs development strategy during the COVID-19 pandemic in Karawang Regency using a SWOT analysis. The method in this research used was descriptive and quantitative, while the data analyses were internal, external, and SWOT. This research found that MSMEs in Karawang Regency were in a very favorable situation. It has opportunities and internal strength to take advantage of existing opportunities. As a result, there are several obligations such as physical distance, work, study, prayer at home, and the prohibition of crowd-causing activities nearly harmed the economy.*

*Keywords: Covid-19 Pandemic, MSMEs Development, Management Strategy, Business, Entrepreneurship.*

### **Introduction**

On January 30, 2020, the World Health Organization (WHO) declared the Coronavirus Disease a Public Health Emergency of International Concern (PHEIC). On February 12, 2020, WHO officially announced it as Coronavirus Disease (COVID-19). The COVID-19's rapid spread in Indonesia undoubtedly had a significant impact on the Indonesian economy. As a result, several obligations such as physical distance, work, study, prayer at home, and the prohibition of crowd-causing activities nearly harmed the economy. The imposition of activity restrictions or social distancing in West Java to combat the spread of the COVID-19 pandemic also hampered many economic activities. It happened in the tourism, industrial, hotel, restaurant, trade and services, and informal trade sectors.

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The existence of the COVID-19 pandemic is not only a threat from the health aspect but also a bad impact on the economy (Siegenfeld and Bar-Yam, 2020). The pandemic poses a problem for every Indonesian citizen, including MSME actors as a supporting pillar for the national economy. Based on data from Bank Indonesia (BI), the number of companies in Indonesia is 56,539,560 units, of which 99.99% or 56,534,592 units are MSMEs. Furthermore, the remaining 0.01% or 4,968 units are included in the large business category (BI, 2015). MSME absorb 85 to 107 million workers and are able to contribute 60% of GDP (Gross Domestic Product). During the monetary crisis in 1998, MSMEs were quite resilient compared to large companies. This is because, at the time, they were not affiliated with banks.

The organizational behavior performance of MSMEs, which is unusual and it is particularly right in Indonesia (Purwaningsih and Kusuma, 2015). There were several researches on the topic of the business minds and entrepreneurial qualities bring a different change in the MSMEs performances. The most discussed point were motivation and orientation included with the risk-taking quality. In Indonesia Rani and Desiana (2019) added by the discussion of the micro small medium enterprises' performances and meanwhile Herlinawati et al. (2019) also with the innovative mind quality from the new starts. Thirdly, motivation and enterprising coordination with the pandemic situations, Soinininen et al., (2012) so had explored the effects of the financial catastrophe with the qualities of the MSMEs. As a result, the pandemic situation has a more significant influence on our company than previous regressions. Entrepreneurship is prioritized because it instilled the entrepreneur's efforts in maximizing returns by confiscating market potential (Lumpkin and Dess, 1996). The paper has minimum optimistic approach. The debate on the risk-taking actions in the MSMEs not important that the returns policies with the collaborators. MSME has minimum resources in both aspects' knowledge and capital to moreover moderate risks with business. The risks had negatively affected to their functioning and economic performances (Huang and Brown, 1999; Henschel, 2006; Islam, Tedfrod and Haemmerle, 2008; Chen, Sohal and Prajogo, 2013; Verbano and Venturini, 2013). The research identifies the risks that faced in the business i.e. three kinds which are mostly found in the MSME operational risks, financial risks, and marketing risks (Islam, Tedfrod and Haemmerle, 2008; Verbano and Venturini, 2013).

However, since the government issued the Government Regulation Number 21 of 2020 regarding Large-Scale Social Restrictions as an effort to contain the spread of the COVID-19 pandemic, MSMEs became highly vulnerable due to restrictions on economic activities in the community, such as shopping for secondary, tertiary, and travel needs. It will have a significant impact on the manufacturing,

transportation, tourism, and financial sectors. Conversely, the government has not set a strategic policy to solve the long-term problems caused by the pandemic. Therefore, this pandemic caused a decrease in turnover which disrupted the business performance of MSMEs, alongside a negative impact on the national economy.

A total of 37,119 micro, small and medium enterprises (abbreviated as MSME) in West Java were affected by the COVID-19 pandemic. Therefore, production decreased, while some were eventually forced to stop operating (Ramadhan, 2020). The zone division affected by the pandemic classified into red, green, and yellow zones will raise questions on how the MSME development strategy benefits villages already in the red zone, and the areas still classified as yellow and green zones. The implementation of the MSME development strategy in these varying conditions is a significant research theme. According to previous research, difficulties in MSMEs development include: 1. Human Resources (HR), 2. Marketing, 3. Capital, 4. Technology.

Miller (1983) cited in (Hanggraeni and Sinamo, 2021) proposes that the creation of competitive advantage uses several enterprising orientation focus: innovation, pro-activity, and risk taking. In addition, Fernandez-Serrano & Romero (2013) added that cooperation is defined as another aspect. They state that cooperative behavior benefits MSMEs by allowing them to get advantage from benefit of large firms while retaining the flexibility of small firms (Pyke, Becattini and Sengenberger, 1990). Furthermore, several studies have shown that risk negatively impacts operational and financial performance. MSMEs, particularly micro and small businesses, typically have fewer resources (both knowledge and capital) to maintain or mitigate business risk. Cooperation is critical during times of crisis because it allows MSMEs to respond to disruptions in economic activity (Kimura et al., 2020) (Hanggraeni and Sinamo, 2021). In Indonesia continually handled challenges are going through with the issues of internal and external surroundings. The issues from the internal environment that is lack of capitalism, human resource limitation, networks frail and market penetration compatibilities. Meanwhile, the external source business environment presents issues such as non-conductive, limited business facilities, regional implementation independence, limited product and lifetime, and limited market access.

Several researches explored the performance, in early product life cycle potential and the new product performances increases the premium pay for purchasing willing to the adopters (Sundqvist, Frank and Puumalainen, 2005). That's why the relevant the innovation and proactive business mind people to cause better performance in the future business out comes (Soininen et al., 2012). The innovation capable in the MSMEs to lead or compete by the market competitive advantages, at the results the in better financial performances. While

the proactiveness contributes them to the abilities the new fresh services or products in the market before the time to the competitors. Both the potentials play a substantial role in improving the firm performances (Keh, Nguyen and Ng, 2007), the up-front or direct attitude not to be expected (Bhuian, Menguc and Bell, 2005). Still the proven that the connection between the abilities and economic or financial performances (Swierczek and Ha, 2003).

In Indonesia, the MSMEs faced the challenges, and weaknesses with the lack of access of productive resources, human resource has low quality, for service provider institution has insufficient economy scale. Because of the most MSMEs with the low productivity and micro industry enterprises (MIE). High transaction costs, extreme dissimilarities in economic with the greater competition in the world-wide economy and trade substantial. For the development it is essential to originate the valuable strategies in MSMEs (Wardana et al., 2021).

The ambiguity in economics realities in the research, the organizational capability to activate their own limited resources to the reasonable advantages. The organizations are coming too soon to understand the mass volume of their unutilized capacities or potentials in the business procedures. That permit the correlation at the variety of levels, to assure the better quality of the set-up, power of strength, and the day end the results obtained with the betterment of business. The optimal organization made by the utilization of the existing source, build the distinctive openings. Meanwhile, the exterior situations, such the present changes in the world wide business and atmosphere has emphasized the optimal growth of corporation (Korableva and Kalimullina, 2016).

Based on the statements above, this research aims to analyze the strategies carried out by MSMEs to enhance development based on the characteristics of the pandemic-affected zones. This strategy is applicable in the future as input for MSME actors with different zone characteristics to enable them to thrive and advance in the midst of competition with other businesses. The research objective is to formulate an MSME development strategy during the COVID-19 pandemic in Karawang Regency using a SWOT analysis. Furthermore, this research is expected to provide benefits, such as the formulation of strategies for developing MSMEs, and as a reference for further research.

In addition, the SWOT studies have by this time exploited the proposing the plan through national and international companies. For instance, Sehand Khodro Tabriz (Mirzakhani et al., 2014) Shahriv and Chain (Mirzakhani et al., 2014) the IT-related firms, Tehran Province General Administration of Physical Education, Civil Management Project for Dar es Salaam, Tanzania (Halla, 2007) estimation of the IT

managers, the social networks using in the viewpoints webs as well as their strengths, weaknesses, opportunities, and threats in the team work with the governmental organization spatially (Halla, 2007). In the Malawi university plans to maintain the libraries information systems (Mapulanga, 2013), several researchers have applied the comprehension tools or strategic models in their studies. Therefore, this study aims to analyze an MSMEs development strategy during the COVID-19 pandemic in Karawang Regency using a SWOT analysis.

## **Literature Review**

### **Strategy**

The different skills at different stages of development to help them grow and maintain a competitive market, with a positive relationship with company performance. SME performance issues are also linked to a failure to utilize resources promptly, namely through proper planning. Although there is abundant proof that managerial skills (MS) are widely recognized as the primary driver of corporate success; it has been known about how these skills can aid in overall organizational planning and strategy development. On the other hand, strategic planning is an essential factor for corporate governance, highlighting the significance of administrative and high-level skills in developing advisory boards and making connections with groups, issues, and learning (Ahmad and Ahmad, 2021).

The term strategy comes from the Greek word for military expert or to command an army. According to Glueck and Jauch in Yasmine Amalia (Yasmine, 2015), a strategy is a cohesive, broad, and integrated plan that connects a company's strategic benefits with environmental challenges. It is intended to ensure that the company's primary targets are accomplished through successful enforcement by the organization.

### **Business Development**

According to the Great Dictionary of Indonesian Language (2016), business activity is one in which the thoughts or body is used to convey a purpose. Nevertheless, if arranged by individuals or corporate entities, the purpose of a business is to carry out activities indefinitely and progressively to profit. They are either legally distinct or not, defined and domiciled in a state region.

The definition of small business is clearly stated in Law No.9 of 1995, that it is a business with a maximum net worth of Rp. 200,000,000.00 excluding land and buildings for business premises, with annual net sales proceeds of Rp. 1,000,000,000.00. Therefore, from the above understanding, a business is a manufacturing and distribution activity that uses energy, thoughts, and body to achieve a goal. As a result, the

researcher can conclude that business development is a method or process for improving ongoing and prospective work. Meanwhile, business development improves the quantity, quality, and volume of production and economic activities by utilizing the thoughts, energy, and body to accomplish a particular goal.

It is dependent on the abilities of entrepreneurs and managers in their daily business in terms of business development. According to the Great Dictionary of Indonesian Language (2016), development is a process, a way, an act of developing. It is a deliberate effort by a company to improve its employees' knowledge, skills, and abilities. It is frequently focused on expanding insight for future employment through an integrative manner with other activities to adjust work attitudes. According to Hafsah (2004), it is an effort made by the government, businesses, and society to provide guidelines and reinforce assistance to upgrade small businesses' skills, power, and autonomy.

Meanwhile, according to Mangkuprawira (2011), development is an effort to gain knowledge that can be applied directly or regularly in the future. In carrying out business development activities, an entrepreneur generally carries out these business activities through the following development stages:

1. An entrepreneurial business idea can come from various sources. It can appear after observing the success of other people's business with observation. Furthermore, business ideas also arise because of a strong sense of business from an entrepreneur.
2. In screening business ideas/concepts, the entrepreneur will translate the business idea at an advanced stage into a more specific business concept. The screening will be carried out through formal and informal business idea feasibility assessments.
3. The development of an entrepreneurial business plan is performed by a person who uses economic resources to make a profit. Therefore, the main component of business planning that an entrepreneur will develop is the calculation of the projected profit and loss from the business. The projection of profit and loss is the estuary of various other operational planning components. In the preparation, entrepreneurs have different differences in formulating the details of the business plan.
4. Business plans and controls that have been formulated in detail, written and unwritten will then be implemented in business operations. This plan will serve as a guide for entrepreneurship implementation. In its activities, an entrepreneur will mobilize the various resources needed, such as capital, materials, and labor to carry out business activities.

5. Identifying the stages is very important in business development. Sometimes it is necessary to discuss the stages that have been carried out, therefore the reviewer will understand how quickly the business has grown to the point of preparing the business plan. For planning purposes, it is preferable to prepare a more detailed schedule such as a time and action calendar or an implementation calendar. This schedule is usually not included in the business plans presented. These details enable the entrepreneur to establish a realistic business progress plan.

The non-significant correlation among the product and price. The firm performances and applied information in our model may be elaborated with the characterization of SMEs. As acknowledge that at the early times the many small companies and offices from the retail and service industries with 41% of them having the smaller number of staffs. The small business is usually the price patron in the industry, they have no conversion capability in price status for the particular product types or to change the price actively. As an alternative, they have probably price followers in the market. Continuing to evaluate strategies on larger enterprises or market leaders as protective dealings in the face of larger competitors to avoid tactic aggression.

Therefore, the authors the connection among the applied information and firm associations outcomes is necessary for promotion. The non-significant price information, with the interpretation that the small medium firms' trade-off in the determination on the subject of the promotion and price. The information about the competitor's elevation systems may be on lead to the easy the decision about the accomplish the promotion based on the extra units or other items purchase rather than to change the per unit prices. The promotions cracks to affect the other items prices.

#### Micro, Small and Medium Enterprises (MSMEs)

Micro, Small, and Medium Enterprises (MSMEs) are always fascinating to research, not only in perseverance, funding, loan acquisition, and business management. MSMEs had to survive in the globalization era, particularly with greater cooperation in Southeast Asia, namely the Economic Union, which transformed Southeast Asia into an economic community with a mono manufacturing base.

Rahman et al., (2012), Jatmiko, Irawan, Machmuddah, and Laras (2020) in (Jatmiko et al., 2021) reveal that MSMEs in manufacturing are economic activities that have made a significant contribution and are highly competitive; not only must comparative benefits be presented, but competitiveness should be presented for MSMEs to participate in domestic and international markets. Robbins and Mary (2002) state that Entrepreneurship is the process by which individuals or groups use systematic procedures and means to pursue

opportunities to create value and grow by fulfilling wants and needs through innovation and uniqueness in what resources are currently controlled. The formulation of the SME development strategy is based on two approaches: a Cartesian SWOT diagram analysis strategy and a combination of SWOT matrix strategies (Jatmiko et al., 2021).

According to the literature review, human resource management is the most valuable and essential means of affecting employee retention. These are regarded as critical factors in managing human resources in MSMEs. MSMEs contribute significantly to a country's economic growth and, as a result, require better retention strategies to increase employee retention rates while also improving productivity and profit margins. As a result, it is concluded that strategies for reducing turnover include rising job satisfaction, providing an outstanding working environment and career development opportunities, increasing rewards and recognition, and interacting. The research includes recommendations resulting from the retaining employee's survey results.

The positive relationship being empirically established between information and the operation in the marketing decision-making. The promotion and placement of the components succeeding firm performances outcomes. As the limited resources of the SMEs. They should attention on their actions in marketing fundamentals. They produce the maximum impact on the performances. This point toward the SMEs channels have wisely to their marketing resources towards the greater profile-raising and circulation activities. The entrepreneur has to highlighted the more profile-raising and market the advertise actions. Mainly in label of enhancing the customer perception and developing customer holding relation. Based on the SMEs for the location and the circulation issues, which mark the client's suitability and availability.

In this case, MSMEs are required to be able to compete and create products that are accepted not only by domestic consumers (Indonesia) but also by Southeast Asian consumers. Micro, small and medium enterprises (MSMEs) are always present because they are needed. This proves its resilience, especially when the nation is hit by an economic crisis. Furthermore, this appears to be one of the main supporting business sectors that can absorb high level of labor. Data from the Central Statistics Agency and the Ministry of Cooperatives (Wahyudin, 2013), from all business classes, showed that small-scale businesses in Indonesia occupy a share of around 99%. This signifies that almost all businesses in Indonesia are small businesses, and only 1% is medium and large businesses.

The MSME development and growth is quite standard from year to year. Almost every government emphasizes the empowerment of MSMEs. The government is seriously paying more attention to this



business sector. This because these small businesses are the center of labor supply, and large companies prefer the use of technology more than human labor. MSMEs have the potential to establish and dynamize the Indonesian economy. As a country's development, Indonesia must prioritize MSMEs because they perform better as productive workers, enhance a high level of productivity, and succeed alongside large corporations.

MSMEs also support large businesses, such as in providing raw materials, spare parts and other supporting materials. It is also capable of spear heading the distribution channels of large businesses in selling products to consumers. Although being able to digest a large number of laborers, the MSME position is more stable. As a result, it is adaptable and capable of surviving adverse conditions like the current global crisis. MSMEs, in general, have a strategy to create unique and special products; thus, they do not compete with products from large corporations.

## **Research Method**

The method of this research used was descriptive and quantitative, while the data analyses were internal, external, and SWOT. The descriptive and quantitative research that seeks to examine the phenomenon or the relationship of the phenomena being studied systematically, factually, and accurately (Sugiyono, 2013). The data used based on the grouping can be divided into two, namely: a) primary data in form of field observations, interviews with some information and filling out questionnaires by respondents, and b) secondary data originating from the Central Statistics Agency, the Industrial and Cooperative Office of Karawang Regency, and other secondary data sources.

This research applied SWOT analysis. SWOT matrix is a precious tool for creating a sequence of substitutions for a company or business, as are the specific distinctions of the four groups of strategic factors. The matrix shows how the firm's external threats and opportunities can be balanced against its internal strengths and weaknesses. It enables managers to devise various types of development and disinvestment strategies.

Meanwhile, this research has two recommendations for implementing the fundamental strategies. It incorporates the five changes from the SWOT analysis. The perception of the business life cycle, in particular, it combined into the SWOT analysis with the current business mind goal as follows:

a. ST STRATEGIES MAY FOCUS ON BIRTH

The fresh products and services evolving to spend more analysis with potential for achieving to create the alertness of the clients. Get more market share. Businesses are developed with the possible for success to create the awareness of clients to rapid respond to altering and displeased demands in their periods. The results of R and D from the past periods under pinned, business firm could strengthen their sales by using OEM or ODM and strategies. Also, to ensure the qualities of products and budget packages to increase and strong the customer base. The business should improve the facilities with their capabilities.

b. SO STRATEGIES MAY FOCUS ON GROWTH

Over the period, a company will attempt to create a new brand with the highest sales likely to profit from the economic scales and thus appear to be the market leader. During the growth stage, the business, consumers, and customers require and feel the benefit that its products or services will provide when the company is at the peak of its sales life cycle and experiencing a period of rapid sales. Firms are supposed to build rapidly and react appropriately to changes in demand. As a result, a company will continue to be the market leader. To keep the budget growing, compete against market leaders in the line market. More importantly, managers must be alert to potential threats such as customer complaints, faulty products, or services. These threats may cause concern or provide an opportunity for the company's future growth.

c. WO STRATEGIES MAY FOCUS ON HARVESTING

During the harvesting stages, a company's progress and efforts are gradually reduced. To interpret compensations for opportunities that existed primarily during the development stage. Rapid sales growth cannot be sustained indefinitely. As new competitors enter the market, sales decline. However, the business cells have comparatively the huge market share and carries the insubstantial revenues. Because of the market chiefs or leaders likes the economic scales and maximum profit limitations. Furthermore, the services would be disable to the efficiently assembles to involve of the possible consumers. As a result, the market share expansion would always be even required. At this point, the company's marketing budget is limited, and it places a high priority on retaining current customers.

d. WT STRATEGIES MAY FOCUS ON STORAGE

The storage stage going through, the essential capabilities while enduring the feasible corporate deviations. The business has low market share in a low-growth changes, in this phase the sales and profit benefits going to be in decline situation. This stimulate growth condition going on, the manager of the corporation tries to the control that situation and adjust price making strategies. The modified loss-

making product, replaced and the restrict and stop to introduced in the market during this period. The new concepts or meaning, fresh adopting and culture, existence concern of creation, that are all the essential transformative changes in the organizational origination (Buch and Wetzel, 2001). For the future steps the more researchers could be more researches and development with devotion. Besides this could make companies an invent the market place for reconsidered the conservative limits of the competition. Looking for the alternative industries, technical rational, balancing offering, costumer applications, or explained the industry buyer group.

## **Results and Discussion**

This research has large number of technologies, and goals. It is requested to revision and modern or innovative approaches for the prime of the organization. That take step parallel towards the modern reality experiences. Firstly, its necessarily to continue for the preference of the considered approach. The company depend on the future concepts and prospects with the building operations. It is clear the company's plane and techniques could not exploit for a year or less than a year. The long-standing allows to achieve the real benefit or chances and to break through, that is develop the only the creation of the so called stretched long period, experienced shows from the market leaders.

### **IFAS (Internal Factor Analysis Summary) Analysis**

Internal analysis was used to ascertain the strengths and weaknesses that should be anticipated and solutions sought. This analysis focused on internal environmental factors, namely a strength, a condition, a situation, and an interconnected event where the organization/company has the ability to control it. Therefore, an IFAS (Internal Factor Analysis Summary) matrix was performed. IFAS was calculated by entering the strengths and weaknesses factors in the IFAS table, and compiling 5 factors of strength as well as weakness, respectively (Rangkuti, 2014). Internal factors from within the company were calculated the level of importance or handling ranging from a scale of 0.00 (not important) to 1.00 (very important), where the added value did not exceed a total score of 1.00. The internal factor weight calculation table is as follows:

**Table 1 Calculations on MSMEs Internal Factors**

Questionnaire Items	Statement	Value	Rating	Score
1	The skills / abilities possessed by HR (Employees / Employees) who work at your business entity are already good.	0,11	2	0,22
2	Your business entity has an updated (contemporary) design	0,11	2	0,22
3	Your business entity sells services / goods at low prices but still prioritizes quality	0,12	2	0,24
4	Your business entity uses quality raw materials / superior human resources (of the service business)	0,12	2	0,24
5	Your business entity has products with various choices according to the community needs	0,12	2	0,24
<b>Total Strength</b>		<b>0,59</b>		<b>1,18</b>
1	Recruitment of HR (Employees / Employees) at your business entity is not based on their skills / abilities	0,06	1	0,06
2	The brand on your business entity has not been recognized by the public	0,08	1	0,08
3	The capital owned by your business entity is limited	0,10	1	0,10
4	The marketing carried out by your business entity has not spread widely to the community	0,09	1	0,09
5	The location of your business entity is less strategic	0,08	1	0,08
<b>Total Weakness</b>		<b>0,41</b>		<b>0,82</b>
<b>Total Internal Factors</b>		<b>1,00</b>		<b>2,00</b>

**EFAS (External Factor Analysis Summary) Analysis**

External analysis was carried out to develop opportunity factors that can be exploited and threat factors that need to be avoided. The results were further evaluated to determine whether the strategies used so far responded to existing opportunities and threats. Therefore, an EFAS (External Factor Analysis Summary) matrix was performed. The calculation of the external factor value from outside the company environment is determined based on the level of importance or handling ranging from a scale of 0.00 (not important) to

1.00 (very important) and where the added value does not exceed a total score of 1.00. The calculation results of the external factors score are as follows:

**Table 2 Calculation of MSME External Factors**

Questionnaire Items	Statement	Value	Rating	Score
1	Investment in Karawang is increasing therefore it can influence the increase in your business entity income	0,11	2	0,22
2	Population growth increases therefore it can influence your business entity income	0,11	2	0,22
3	The consumptive lifestyle of the community can influence your business entity income	0,12	2	0,24
4	Support from the Regional Government can develop your business entity	0,12	2	0,24
5	Current technological advances can help your business entity to develop	0,12	2	0,24
<b>Total Opportunities</b>		<b>0,58</b>		<b>1,16</b>
Questionnaire Items	Statement	Value	Rating	Score
1	Unstable economic conditions influence your business entity's income	0,08	1	0,08
2	The mindset and public interest in foreign products (not Indonesian products) influence your business entity's income	0,09	1	0,09
3	Competition for similar products from outside the city and abroad will influence your business entity's income	0,08	1	0,08
4	Price competition with similar products from outside the city and abroad will influence your business entity's income	0,09	1	0,09

5	The technology owned/managed by your business entity is still inadequate, therefore it influences the income.	0,09	1	0,09
<b>Total Threat</b>		<b>0,42</b>		<b>0,84</b>
<b>Total Internal Factors</b>		<b>1,00</b>		<b>2,00</b>

Therefore, the total calculation of the IFAS and EFAS matrix scores is as follows:

- ☐ The total score of strengths = 1.18.
- ☐ The total score of weaknesses = 0.82.
- ☐ The total score of opportunities = 1.16
- ☐ The total score of threats = 0.84

#### SWOT Analysis

The organization do not exist in the void, but relatively exist, by the complexity of the interrelated environment characterized of the cooperation and competition. This environment ultimate essential to expressing the plan, decision making and technical planning. Eventually, the spread of technical planning tools enables managers to articulate competitive strategies that align with the needs of the organization or business. These include SWOT analysis, they all used in the any decision making for the management techniques (Wang, 2007). For the technical planes, SWOT analysis facilitates the useful articulation. It is the whole estimation of the corporation strength, weakness, opportunities and threats.

In addition, Valentin (2001) supposed that the conventional researches of searching the better vision is the SWOT analysis into ways of comprehending the anticipated placement. The SWOT an effective tool with has not uncertainty in the business planes. Because of decision makers that preferred essential aspects of their organization's atmosphere. It also helps to manage or organized the thoughts. Though, Panagiotou (2003) claimed that the free structured techniques of SWOT, offer to operators and planners are quitted without any sign as to where such search for such varieties. After the findings in terms of strategy formulation integrate the best findings (Wang, 2007). The recognition and instant of the all domains of the SWOT and their directional inferences represented (Lee et al., 2010; Matzler et al., 2003) and explained as follows:

#### 1. Strength (S)

The organizational strength attributes are branded, since it is recognized the organizational strength and its rival. That's means organization retain the performing the providing qualities the performance of this characteristics to ensure that these qualities are

not turned into the danger or threats. When its performance is going to weak than that of the competitor.

#### 2. Weakness (W)

The characteristics are associated with weak associations. It is classified as the organization's frailty and its obstacles. As a result, both the target organization and it are performing well to provide this quality. The enhancement of organizational performance of this quality to gain a competitive advantage over competitors in the courted market.

#### 3. Opportunity (O)

The organizational opportunities tagged on the quality attributes. That ways the organization but it is classified the as the weaknesses of the competitors. This means the rivals not as the weakness of the rivals. The organization's competitors and the organization at providing this attribute, implying that the organization has a competitive advantage over the competitors. To remain competitive, the group must maintain this level of performance.

#### 4. Threat (T)

While the organization's weakness is identified as the firm's weakness, the competitors' strength is classified as the firm's strength. The company is not trying to execute as well as the competitor at this quality, implying that the organization has the rival's weaknesses; the organization should be on the lookout for ways to improve quality to guard against potential profit loss. Furthermore, after determining the internal and external factors, both should be considered in a SWOT analysis. After obtaining the results of interview data and questionnaires, a SWOT analysis was carried out by making a previous SWOT matrix. This SWOT matrix strategy formulation will enable the determination of marketing strategies in MSMEs competition in Karawang Regency.

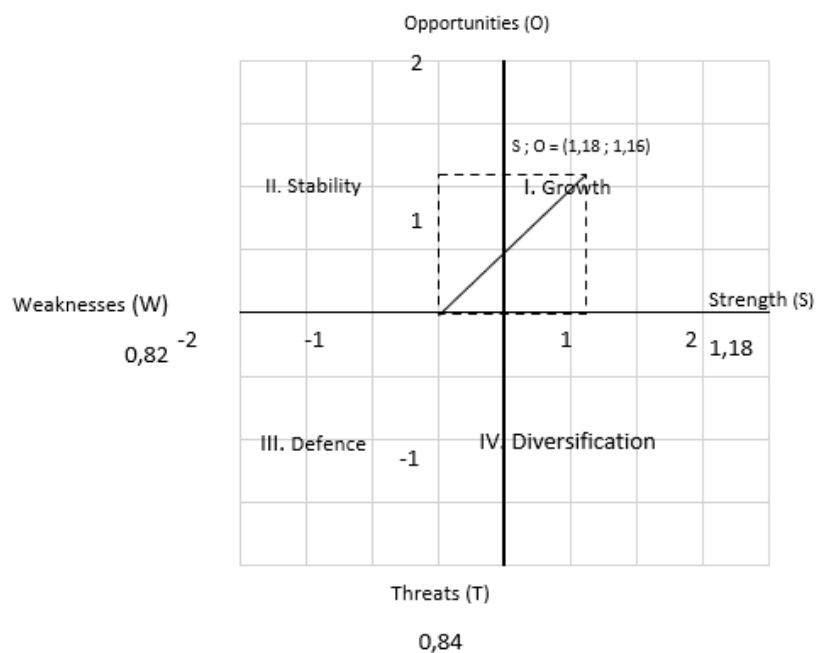
The SWOT analysis compares the external factors of Opportunities and Threats with the internal factors of Strengths and Weaknesses. To develop a strategy, the first analysis is required. SWOT analysis theory involves analyzing a condition where a plan will be made to do something, e.g. a work program. According to David (2011), SWOT analysis is an important matching tool to assist managers in developing four strategies which include types of Strengths-Opportunities (SO), Weaknesses-Opportunities (WO), Strengths-Threats (ST), or Weaknesses-Threats (WT) following the company condition.

The calculation of these factors is described in the SWOT diagram. The formula for determining the coordinates is as follows:

$$\begin{aligned}
&= \frac{\text{Total score of strengths} - \text{Total score of weaknesses}}{2}; \\
&\quad \frac{\text{Total score of opportunities} - \text{Total score of threat}}{2} \\
&= \frac{1,18 - 0,82}{2}; \frac{1,16 - 0,84}{2} \\
&= 0,18; 0,16
\end{aligned}$$

Therefore, the coordinate point is located at (0.18; 0.16)

**Figure 1 Cartesian diagram of MSME SWOT analysis**



After processing, the internal IFAS factor data had a score of 2.00 and external EFAS had a score of 2.00. The quantitative strategy combination matrix had the highest score of 2.34 in the S-O strategy (Strength-Opportunities). Therefore, the strategy utilized by MSMEs in Karawang Regency is the S-O strategy. This strategy uses the power of the business entity to utilize opportunities. In the Cartesian diagram above, the coordinate point is located at (1,18; 1,16), therefore it is in quadrant I, namely Growth. This situation is very profitable and shows that MSMEs in Karawang Regency have opportunities and internal strength. This strength helps each company to utilize existing opportunities to the company's advantage. The strategy for implementation in this situation is to support aggressive growth policies.



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**Table 3 Quantitative Model of MSME Strategy Formulation**

	<b>Strength (S)</b>	<b>Weakness (W)</b>
<b>IFAS</b>	S <sub>1</sub> . The skills / abilities possessed by HR (Employees / Employees) that work at your Business Entity are already good	W <sub>1</sub> . Recruitment of HR (Employees / Employees) at your business entity is not based on their skills / abilities
<b>EFAS</b>	S <sub>2</sub> . Your business entity has an updated (contemporary) design	W <sub>2</sub> . The brand on your business entity has not been recognized by the public
	S <sub>3</sub> . Your business entity sells services / goods at low prices but still prioritizes quality	W <sub>3</sub> . The capital owned by your business entity is limited
	S <sub>4</sub> . Your business entity uses quality raw materials / superior human resources (if it is a service business)	W <sub>4</sub> . The marketing carried out by your business entity has not spread widely to the community
	S <sub>5</sub> . Your business entity has products with various choices according to the needs of the community.	W <sub>5</sub> . The location of your business entity is less strategic
<b>Opportunity (O)</b>	1. Provide good service to customers to maintain the purchasing power	1. Recruit HR (Employees) based on their skills/abilities therefore the business entity can
O <sub>1</sub> . Investments in Karawang are increasing therefore it may influence the		

<p>increase in income at your business entity</p> <p>O<sub>2</sub>. Population growth increases therefore it may influence the income of your business entity</p> <p>O<sub>3</sub>. The consumptive lifestyle of the community may influence the income of your business entity</p> <p>O<sub>4</sub>. Support from the Regional Government can help your Business Entity to develop</p> <p>O<sub>5</sub>. Current technological advances can help your business entity to develop</p>	<p>of the products sold</p> <ol style="list-style-type: none"> <li>2. Product designs that follow the latest trends can attract customers considering the consumptive lifestyle of society to increase income</li> <li>3. Affordable product prices and following current trends can increase income and attract new customers</li> <li>4. Using quality raw materials at affordable prices and current models not only attracts customers but also investors.</li> <li>5. Business support from local governments can be used as a medium for product marketing or funding issues.</li> </ol>	<p>develop following technological advances</p> <ol style="list-style-type: none"> <li>2. Promoting products sold because an increase in population may influence income</li> <li>3. Collaborating with local governments as a solution to limited capital</li> <li>4. Conducting Marketing by utilizing technological advances as a location solution for less strategic business entities</li> <li>5. The consumptive lifestyle of the community can have an impact on increasing income if the business entity can carry out promotion and product marketing properly</li> </ol>
<p><b>Threat (T)</b></p> <p>T<sub>1</sub>. Unstable economic conditions affect the income of your business entity</p> <p>T<sub>2</sub>. The mindset and public interest in foreign products (not Indonesian products) affect your business entity's income</p> <p>T<sub>3</sub>. Competition for similar products from outside the city</p>	<ol style="list-style-type: none"> <li>1. Monitor unstable economic conditions to maintain quality raw materials but can sell products at affordable prices</li> <li>2. Doing good cooperation with business entities at home and abroad to have a variety of products according to the needs of the community</li> </ol>	<ol style="list-style-type: none"> <li>1. Recruiting human resources based on skills and abilities to compete with other business entities.</li> <li>2. Doing marketing and promotion by utilizing technology to attract people's purchasing power.</li> <li>3. Cooperating with other business entities or local governments as a</li> </ol>

<p>and abroad will influence the income of your business entity</p> <p>T4. Price competition with similar products from outside the city and abroad will affect your business entity's income</p> <p>T5. The technology in the business entity that you own/manage is still inadequate therefore it influences your business entity's income.</p>	<p>3. Doing innovation in terms of models by utilizing technology to increase customer attractiveness</p> <p>4. Overcoming competitors who follow our designs or models by registering trademarks or patents.</p> <p>5. Make designs or models sold according to current trends therefore people's interest in local products increases.</p>	<p>solution to limited capital.</p> <p>4. Maintain product quality to retain existing customers.</p> <p>5. Looking for opportunities to market products in collaboration because it has a less strategic location.</p>
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After conducting the SWOT matrix, a quantitative model analysis was performed as the basis for the total score on each factor that exists in the S-O, W-O, S-T, and W-T strategies. The following is a table of the quantitative model of strategy formulation.

**Table 4 MSMEs Quantitative Strategy Combination Planner Matrix**

IFAS EFAS	Strength (S)	Weaknesses (W)
<b>Opportunity (O)</b>	<p><b>S-O strategy</b> Using strength to take advantage of opportunities (2,34)</p>	<p><b>W-O strategy</b> Minimizing weaknesses by taking advantage of opportunities (1,98)</p>
<b>Threat (T)</b>	<p><b>S-T strategy</b> Use strength to overcome threats (2,02)</p>	<p><b>W-T strategy</b> Minimizing weaknesses and avoiding threats (1,66)</p>

Based on the above analysis, the alternative strategy used by MSMEs in Karawang Regency is a growth strategy. Therefore, the strategies for application in line with the MSME strategy formulation table in Table 3 are as follows:

- a. Provide good service to customers to maintain the purchasing power of the products sold.
- b. Product designs that follow the latest trends to attract customers considering the consumptive lifestyle of society to increase income.
- c. Affordable product prices and following current trends can increase revenue and attract new customers.
- d. Using quality raw materials at affordable prices and current models not only attracts customers but also attracts investors.
- e. Business support from local governments can be used as a medium for product marketing or funding issues.

#### SWOT Matrix

Several scientists have faith in the plans does not based on the stages of operations in managements. Some other said that technical strategies must be based on the operative steps in management. The uniting effective technical stages, the SWOT allows the management. SWOT is the powerful tool for the management which shelters the external and internal factors of the corporation, meanwhile acquire the risks, strengths, opportunities and threats assorted with the classical proportions of the BSC. The BSC (balance scorecard) has four latent that specify the complete coverage of activities of the corporation. To build the financial collaboration with the efficient allocate source, management corporation, attainment and incorporation of the fresh business cells, introduced and create possible consultations with external organization. The Ideal “internal business processes” markers in the longstanding collaboration, because of the same business processes. For the better results, training and development about business culture and the management. In human resource department permit and build the creating values by the staffing and guidance. The personnel of the main point in the stability of the common business optimization. In present economic knowledge, assistances, corporation from insubstantial resources from the efficient cell development of human capital is large factors of enterprises collaboration (Korableva and Kalimullina, 2016).

The tool used to formulate corporate strategy alternatives is the SWOT matrix. The total value of internal and external factors can be described in the SWOT analysis diagram and the SWOT matrix combination formula. Furthermore, the formulation of alternative strategies is used for companies running the business in the future. The following are the result of matrices combination obtained from indicators and a combination of internal and external factors carried out. After conducting the SWOT matrix, a quantitative model analysis was performed as a basis for the total score on each factor that exists

in each S-O, W-O, S-T, and W-T strategies. The following is a table of the quantitative model for Strategy formulation.

## Conclusions

Based on the calculations and analyses, it is possible to conclude that MSMEs in Karawang Regency are in a very supportive situation. They have chances as well as internal strengths to capitalize on possibilities. In this situation, the strategic approach that must be applied is the assistance of high-growth policies. Furthermore, another strategy for application involves the provision of quality services, products that follow the latest trends, affordable prices with quality raw materials, and support from local governments that can be used as media for product marketing or funding. The huge numbers of approaches, methodologies, and objectives. Its requisite to revision and modern or innovative approaches for the prime of the organization. That take step parallel towards the modern reality experiences. Firstly, its necessarily to continue for the preference of the considered approach. The company depend on the future concepts and prospects with the building operations. It is clear the company's plane and techniques could not exploit for a year or less than a year.

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