Strategizing the Development of MSME in District X

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ABSTRACT

Purpose: Micro, Small and Medium Enterprises (MSMEs) is a business segment that has the potential to grow and become one of the backbones of economic development in Indonesia, one of which is in Regency X. In order to support the achievement of the vision and mission of Regency X, the government of Regency X intends to spur the development of MSMEs in its region by providing an MSME development program that aims to help MSMEs to develop into one of the pillars of regional economic development in Regency X by encouraging tourism development and encouraging the development of the creative economy (startup).

Design/methodology/approach: This study uses quantitative and qualitative approaches.

Findings: The quantitative approach was carried out to obtain influential criteria for the development of MSMEs in Regency X which were then analyzed by the Cochran Q Test, the results of the selected criteria were continued with the calculation of the weights of internal factors and external factors, the calculation of the Internal Strategic Factors Analysis Summary (IFAS) and External Strategic Factors Analysis Summary (EFAS) matrices, determination of the SWOT analysis cartesian diagram and SWOT matrix. A qualitative approach was used to explore information on internal and external factors affecting the development of MSMEs in Kabupaten X and determine MSME development strategies based on the IFAS and EFAS matrices from the SWOT analysis results.

Paper type: Research paper

Keyword: MSME development strategy, IFAS and EFAS matrix, SWOT analysis

I. INTRODUCTION

This study used a quantitative methodology, namely the Partial Least Squares (PLS) analysis, in order to investigate the impact that factors such as business development, capital structure, Good Business Governance (GCG), and earnings management have on the value of a firm. The objective measurements and statistical analysis of numerical data are the foundations of a quantitative approach, which is used to ascertain the correlations between the variables (Sugiyono, 2010). Between the years 2021 and 2023, the study population consisted of 124 principal companies operating in the consumer products market that were listed on the Indonesia Stock Exchange (IDX). It is possible to define a population as a collection of things, persons, or entities that share particular traits that are pertinent to the aims of the research (Sugiyono, 2010). The selection of 41 companies for the study was accomplished through the use of the purposive sample approach. Purposive sampling is a non-probability sampling strategy in which the researcher picks samples based on specified criteria or judgments relevant to the study (Sugiyono, 2010). A sample is a subset of a population that represents the characteristics of the population as a whole.

The secondary data that were utilized in this study were gathered from the financial statements of the firms, which can be found on the official website of the IDX corporation. There are three types of variables that make up the study variables: independent factors (business development, capital structure, and GCG), a dependent variable (firm value), and an intervening variable (earnings management). Validity and reliability evaluations, normality checks, PLS regression, and hypothesis testing through bootstrapping are some of the data analysis

approaches that are utilized. Various metrics, including R2 criteria, path coefficient estimates, impact size (f2), and predictive relevance (Q2), are utilized in the evaluation of models. In order to analyze hypotheses, the T test is utilized, and the significance value is used to determine whether the hypothesis is accepted or rejected (Ghozali., 2018).

A. Literature Review
1. Strategy
Strategy is an overall approach related to the idea, planning, and execution of an activity within a certain period of time. In a good strategy there is coordination of the work team, has a theme of identifying supporting factors in accordance with the principles of rational implementation of ideas, efficiency in funding and has tactics to achieve goals effectively. Meanwhile, according to Buzzel and Gale, strategy is the key policies and decisions used for management, which have a major impact on financial performance. These policies and decisions usually involve important resources and cannot be replaced easily.

2. MSMEs
Studies conducted by the International Labor Organization (ILO) as stated by Sethuraman (1993) in Sriyana (2010), explained that the activities of SMEs are not limited to certain jobs, but even also include a variety of economic activities which are characterized by: easy to enter, relying on local resources, self-owned businesses, small-scale operations, labor-intensive and adaptive technology, skills can be obtained outside the formal school system, and are not directly affected by regulation and competitive markets.

II. METHOD

In terms of the Study of the Preparation of MSME Development Strategies in Regency X, it is carried out through stages, namely the Study Method for the Preparation of MSME Development Strategies in Regency X using quantitative and qualitative approaches. The quantitative approach was carried out to obtain influential criteria for the development of MSMEs in Kabupaten X which were then analyzed by the Cochran Q Test, the results of the selected criteria were continued with the calculation of the weights of internal factors and external factors, the calculation of the Internal Strategic Factors Analysis Summary (IFAS) and External Strategic Factors Analysis Summary (EFAS) matrices, determination of the SWOT analysis cartesian diagram and SWOT matrix.

A qualitative approach was used to explore information on internal and external factors affecting the development of MSMEs in Kabupaten X and determine MSME development strategies based on the IFAS and EFAS matrices from the SWOT analysis results.

A. Sampling
Respondents consisted of MSME associations/organizations and MSME actors in Regency X. Determining the number of samples in this study can use the Roscoe theory formula. Roscoe's theory says that if the research will analyze with multivariate (correlation or multiple regression), then the number of sample members is at least 10 times the number of variables studied (Sugiyono, 2010: 130). In the Study on the Formulation of MSME Development Strategies in District X using 31 variables, the minimum sample size is 310 respondents. The number of sub-districts in Kabupaten X is 27 sub-districts, it is hoped that respondents from MSME associations/organizations and MSME actors can represent each sub-district, so as to get an overview of the condition of MSMEs in each sub-district. In the implementation of the survey, the number of respondents was 313 people.

From the results of the Cochran Q Test, selected criteria were obtained to continue with the calculation of the weights of internal factors and external factors. The calculation of the weight and rating of internal and external factors was carried out by policy makers and experts. Here the policy makers are the Economic Section, the Office of Cooperatives and MSMEs, the Office of Trade and Industry and related government agencies or institutions. In this final report, the calculation of weights and ratings was obtained from 3 (three) experts.

B. Survey Procedure
The survey procedure to determine influential criteria for MSME development in Kabupaten X is as follows:
1. The survey was conducted through filling out questionnaires 1 to MSME associations/organizations and MSME players per sub-district in District X.
2. The minimum number of respondents needed is 310 people, and the survey results have obtained a total of 313 respondents, this number has met the quota for the minimum number of respondents.
3. The survey was conducted by:

a. The implementation team made questionnaire 1 online and distributed it to the heads of MSME associations/organizations to be forwarded to the MSME actors under their guidance.

b. In addition, filling out the questionnaire was also carried out offline, the survey team conducted field visits to the heads of MSME associations/organizations and MSME players in each sub-district of Kabupaten X.

c. The questionnaire contains 2 types of questions, namely in the form of choice questions and essays containing problems and input to the local government related to each criteria.

4. Assessment of the weight and rating of internal factors and external factors by :

a. The implementation team made an online questionnaire and distributed it to policy makers and experts, here the policy makers are the Economic Section, the Office of Cooperatives and MSMEs, the Office of Trade and Industry and related government agencies or institutions.

b. In addition, discussions were held on the results of the assessment of the weight and rating of internal factors and external factors with policy makers as well as discussions of problems, opportunities, and inputs for the development of MSMEs in Kabupaten X.

C. Measurement Tools

Some previous research findings, Hamid and Susilo, 2011; Sakur, 2011; Syahza, 2013; Irdayanti, 2012, state that the weak competitiveness of MSMEs is due to several problems including: (1) Marketing; (2) Capital and funding; (3) Innovation and utilization of information technology; (4) Use of raw materials; (5) Production equipment; (6) Labor absorption and empowerment; (7) Business development plans; and (8) Readiness to face external environmental challenges. The contribution and role of MSMEs in the national economy is very meaningful, but in terms of competitiveness, there are many weaknesses and problems for MSMEs that must be addressed to face competition both domestically and globally.

To achieve the objectives as in subchapter 1.2, a questionnaire was created as one of the instruments to measure the desired information both regarding the criteria that influence the development of MSMEs in Kabupaten X as well as information on problems that occur in the field and input from MSME actors to the local government. Determination of criteria for the questionnaire was obtained from a collection of several previous research references and 31 variables were obtained which would be selected as considerations for respondents to determine the criteria that influence the development of MSMEs in District X. The following is a list of selected criteria:

Table 1 Criteria for MSME development in District X

No	Criteria	Description
Q12	Availability of capital	Adequacy of current capital to run the business
Q13	Access to capital	Accessibility to finance/capital
Q14	Raw materials	Main raw materials come from local sources
Q15	Production cost	Production cost
Q16	Production equipment	Availability of business facilities and infrastructure
Q17	Production technology	Use of appropriate technology
Q18	Labor Ability	To Absorb local labor
Q19	Quality of human resources	Availability of skilled workers and education level of both owners and workers
Q20	Management	Management skills to manage the business

Q21	Production barriers	Barriers in production activities
Q22	Production capacity	Ability to produce according to the target
Q23	Business legality	Business legality in the form of, UD, CV or PT
Q24	Product legality	Legality (certification, production license, halal, etc.)
Q25	Price stability	Stable economic conditions so that people's purchasing power is stable, so that product selling prices are stable and affordable by the market.
Q26	Profitability	Ability of the business to earn profit
Q27	Service Excellent	Service to customers
Q28	Payment media	Payment media with financial technology
Q29	Environment	Business/products produced are environmentally friendly (eco-friendly)
Q30	Product excellence	Always creative and innovate products, so that they become superior products
Q31	Competitiveness	High level of competitiveness in terms of characteristics, quality, competitive prices, and wide marketing reach.
Q32	Marketing	Ease of reach and online marketing media
Q33	Offline marketing	media One of the offline marketing media by participating in exhibitions, SME centers, and others
Q34	Market Share	Is there a market share for the product?
Q35	Social	The business is social-friendly or acceptable to the community (because it provides benefits to the community/environment)
Q36	Collaboration partners	There are partners for product development
Q37	MSME association/organization	MSME association/organization that houses MSME players
Q38	Counseling/Business development support programs	Availability of counseling and business development assistance programs
Q39	Infrastructure	Availability of infrastructure and facilities to support production/business operations
Q40	Policy Institutional	policy support for MSMEs
Q41	Regional economy	Ability to improve the economy in the neighborhood or business operation area

| Q42 | *Geographical* | *location and geographical conditions support the running of the business* |

The questionnaire was divided into 2 sections, namely section A and section B:

1. Part A, consists of 11 questions about the characteristics of respondents, namely questionnaire numbers one to eleven (Q1 to Q11).
2. Section B, consists of 2 kinds of questions, namely question 1 and question 2.
   a. Question 1 is in the form of choices, containing criteria that influence the business of MSME actors. Consists of 31 optional questions with questionnaire numbers ranging from Q12 to Q42.
   b. Question 2 is in the form of an essay, containing problems that occur in the field and input from MSME actors to the local government. Each selected question has 2 essay questions, a total of 62 essay questions with questionnaire numbers Q12.1 to Q42.2.

In addition to the questionnaire, the Implementation Team also created questionnaire 2 which was used for weighting and rating internal and external factors. The assessment of the importance of factors affecting the current development of MSMEs is in the form of a Likerts scale, where number 1 states that it is slightly important, number 2 states that it is somewhat important, number 3 states that it is important and number 4 states that it is very important.

Table 2 Level of Importance of Internal Factors and External Factors

Strategic Factor	Level of Importance			
	1	*2*	*3*	*4*
Strengths				
Price Stability - Maintain stability in selling prices, so that selling prices are always competitive.				
Environment - Most of the products are environmentally friendly				
Product Excellence - Products are durable, so they can reach market share outside of X District				
Geographical Conditions - The location of X is in the coastal area, so the potential for the main raw material in the form of fish is quite abundant.				
Capital Availability - There is BPUM assistance from the Government, to increase capital during pandemic conditions, although not all MSMEs receive BPUM assistance.				
Total Strengths				
Weaknesses				
Availability of Capital - Need capital for production and difficulty in obtaining loans with low interest rates				

Payment Media - The payment system still uses cash/cash

Production Equipment - Production equipment is still manual, so it is necessary to add technological production equipment to increase capacity

Management - Management is still done conventionally

Product Legality - Not yet certified/licensed for products, such as halal certification, BPOM, etc.

Product excellence - Lack of innovation and creativity in creating products

Online Marketing - Not yet mastering online marketing

Market Share - Difficulty in marketing products

Regional Economy - Because the business is still limited or has not developed so that it has not had an impact on the welfare of the surrounding environment

Total Weaknesses

Total Internal Factors

Opportunity and Threats Factors

	Level of Importance			
Strategic Factor	*1*	*2*	*3*	*4*

Opportunities

Market Share - Changes in the lifestyle of today's society make the market share quite high

Market Share - MSME Product Export

Cooperation Partners - Good relationship with suppliers

Government Policy - Indomaret Retail Product Sales

Government Policy - Opportunity to export products abroad (Turkey)

Geographical Conditions - Location X is crossed by the main pantura route connecting Jakarta-Surabaya. Along the north coast of Java, there are many tourism spots

Associations/organizations of MSMEs - Join an association/organization of MSMEs, so that there is a medium for discussion related to product development.

Counseling / business development support programs - The government provides counseling / curation programs to support the development of MSMEs.

Total Opportunities

Threats

Production Costs - High production costs due to rising/high raw material prices and manual production equipment.

Labor - Lack of labor interest in working in MSMEs compared to industries/factories

Quality of Human Resources - The quality of human resources is not yet qualified

Infrastructure - Inadequate road access and street lighting

Production Barriers - The presence of diseases and pests for MSMEs based on agriculture, plantations, and fisheries

Production Capacity - The pandemic has had an effect on the decline in people's purchasing power so that production capacity has decreased

Profitability - Profit earned is small because the selling price is fixed/competitive while the price of basic commodities rises.

Competitiveness - Competition that causes price wars (prices become cheap/decrease)

Offline Marketing Media - The existence of offline marketing such as bazaars, exhibitions and the like requires a lot of operational costs for transporting products, lodging, operations and others while the selling price must remain competitive in order to sell.

Geographical Conditions - Less suitable for coffee plantations

Total Threats

Total External Factors

In addition, a rating is carried out on internal factors and external factors regarding stakeholder expectations for the effectiveness of the strategy to respond to various influencing factors, rating in the form of a Likerts scale, namely rating 1 states very low, number 2 states low, number 3 states high and number 4 states very high.

The following are the analysis steps in the study of the preparation of MSME development strategies in Kabupaten X:

1. Identify and classify MSME data from secondary data.

2. To achieve the objectives and portrait of the existing conditions of MSMEs in each sub-district in Kabupaten X, it can be seen in the characteristics of respondents in the questionnaire. The results of the characteristics of respondents in the phase 1 survey will be explained through a graphical method using bar charts. The data uses the results of information collected from questionnaires number 1 to number 11. The criteria that influence the development of MSMEs in Kabupaten X were analyzed using paired k-sample comparative hypothesis testing with the Cochran Q-test analysis technique.

3. To find out the problems faced by MSME actors in running their businesses, we will convey descriptively in the form of a conclusion of the problems associated with the criteria according to the essay questions in the questionnaire.

4. Meanwhile, to find out the input from MSME actors for the local government related to their business development, we will convey it descriptively in the form of input conclusions related to the criteria in accordance with the essay questions in the questionnaire. The results of the discussion can be seen in section 3.4.

5. The results of questionnaire 1 will be identified and grouped into internal factors and external factors to be processed using the SWOT method.

6. Data processing with the SWOT method can be done in the following way: Calculation of the weight of internal factors and external factors

$$\text{Internal Factor Weight} = \frac{Total\ Responden\ Answers}{Total\ Data\ Processing\ Internal\ Factors}$$

$$\text{Eksternal Factor Weight} = \frac{Total\ Responden\ Answer}{Total\ Data\ Processing\ Internal\ Factors}$$

    a. Matrix Calculation IFAS and EFAS

$$\text{Rating Calculation (IFAS)} = \frac{Total\ IFAS\ Answer}{Total\ Responden}$$

$$\text{Rating Calculation (EFAS)} = \frac{Total\ EFAS\ Answer}{Total\ Responden}$$

$$\text{Score Calculation (IFAS)} = Internal\ Factor\ Weight \times Rating\ IFAS$$

$$\text{Score Calculation (EFAS)} = Internal\ Factor\ Weight \times Rating\ EFAS$$

    b. Cartesian diagram of SWOT analysis

The SWOT analysis cartesian diagram is obtained from the IFAS and EFAS matrix, the data entered is the total score with the coordinate formula as follows:

$$Internal\ Analisis\ Coordinat\ ; Koordinast\ analisis\ eksternal =$$
$$\frac{Total\ Strenght\ Score - Total\ Weakness\ Score}{2}; \frac{Total\ Opportunities\ Score - Total\ Threath\ Score}{2}$$
$$= \frac{S-W}{2}; = \frac{O-T}{2}$$

    c. SWOT Matrix

After obtaining the total value of the IFAS matrix and EFAS matrix and depicted on the next cartesian diagram, it is processed using the matrix strategy formula by combining internal factors with external factors.

7. Conduct SWOT analysis of the results of data processing SWOT method

8. Discussion of the results of the assessment of the weight and rating of internal factors and external factors with policy makers as well as discussion of problems, opportunities, and inputs to the development of MSMEs in Kabupaten X.

9. Develop a strategy for the development of MSMEs in Kabupaten X

III. RESULTS AND DISCUSSION

A. Reliability Test

The reliability test is carried out to show the measurement results can be trusted and reliable. The following are the results of the reliability test.

Table 3 Reliability Test

Cronbach's Alpha	Criteria
0,729	Reliabel

B. Cochran Test

The results of the analysis of paired k-sample comparative hypothesis testing use the Cochran Q-test analysis technique, in this case the Cochran Q-test is used to determine whether or not the proportion of "Yes" answers on the attributes to the determining criteria that are influential for the preparation of MSME development strategies in District X. The following are the results of the Cochran Q-test examination:

Hypotesis :
H0 : All attributes that have the same proportion of "Yes" answers
H1 : All attributes that have an unequal proportion of "Yes" answers
Significan t Level   : $\alpha = 0,05$
Rejection Area   : Reject H0 jika p-value $< 0,05$
Test Statistic   :

Table 4 Cochran Test

N	Cochran's Q	P-value	α	Result
313	1699,349	0,000	0,05	Reject H0

Table 4.2 shows that the Cochran's Q value is 1699.349 for the number of respondents of 313 respondents and has a p-value of 0.000 which is smaller than the alpha value of 0.05 which has a decision to reject H0 which means that all influential determining criteria attributes for the preparation of MSME development strategies in District X have an unequal proportion of "Yes" answers. To get the results of the Cochran test failed to reject H0, the smallest "Yes" answer will be removed. From the answers to question 1 to respondents, there are 4 variables that have the smallest "Yes" answers, including Q13 access to capital, Q17 Production Technology, Q23 Business Legality and Q35 Social. These four variables are the variables that will be eliminated. The following are the results of the Cochran Q-test:

Hypotesis:
H0   : All attributes that have the same proportion of "Yes" answers
H1   : All attributes that have an unequal proportion of "Yes" answers
Significan t Level : $\alpha = 0,05$
Rejection Area   : Reject H0 jika p-value $< 0,05$
Test Statistic   :

Table 5 Cochran Test

N	Cochran's Q	P-value	α	Result
313	4,790	0,091	0,05	Failure to Reject H0

Table 4.3 shows that the Cochran's Q value is 4.790 for a total of 313 respondents and has a p-value of 0.091 which is greater than the alpha value of 0.05 which has a failed decision to reject H0, which means that all MSME attributes in East Java have the same proportion of "Yes" answers. Furthermore, the selected factors, namely 25 factors, will continue at the stage of sorting internal factors and external factors as well as calculating weights and determining their ratings. The following are the determinants of MSME development in District X:

C. SWOT Matrizx Analisis

The SWOT matrix has 4 types of strategies, namely the S-O strategy is a combination of strengths (S) and opportunities (O), the W-O strategy is a combination of weaknesses (W) with opportunities (O), the S-T strategy is a combination of strengths (S) with threats (T) and the W-T strategy is a combination of weaknesses (W) with threats (T). The following is a strategy for developing MSMEs in Kabupaten X:

1. S-O strategy
1. This strategy is made on the basis of utilizing opportunities for MSMEs in Kabupaten X:
    a. (S1, S3, S4, O1, O2, O5, O6) The potential of the fisheries business, processing of food ingredients from fish, and similar products has very good potential, both from the always available supply of raw materials, competitive prices, and various processed fish. So it needs Government support to encourage in terms of marketing to the international market.
    b. (S5, O8) The local government always updates the database of MSMEs in Kabupaten X, so that all recorded MSMEs receive BPUM assistance from the government.
    c. (S2, S3, O4, O7, O8) Providing counseling to MSME actors through MSME associations/organizations or directly to develop MSME products through product curation programs from the government, retail product marketing at Indomaret and so on.
    d. (S1, O3) Building cooperation with cooperation partners such as investors, raw material suppliers, buyers and so on
    e. (S4, O1, O6) Increase local marketing through product sales at tourism sites in Kabupaten X.
2. This strategy is made to take advantage of opportunities and minimize the weaknesses of MSMEs.
    a. (W2, W4, W6, W7, O8) Provide training to MSME actors on how to manage businesses, non-cash payment systems, innovation and creativity in creating products, packaging, and branding, as well as online marketing.
    b. (W1, W3, W5, O8) Providing basic assistance or business knowledge to MSME actors such as easy access to capital, technological production equipment, and assistance in accelerating the process of obtaining product legality.
    c. (W4, O8) Implement an MSME curation program to encourage MSMEs to become MSMEs with operational and product standards that are ready to have product and business certification and licensing
    d. (W1, O8) Establish cooperation with microfinance institutions to provide funding for MSMEs with supervision and monitoring from the government through related agencies.
    e. (W9, O7, O8) Increase the implementation of trainings and encourage MSME Associations and MSME actors to always develop and improve their businesses so that it will have a welfare impact on the surrounding environment.
    f. (W4, O7, O8) Provide comprehensive counseling and mentoring to MSME Associations/Organizations and MSME actors.
    g. (W7, W8, O2, O5) Establish a program to assist the marketing of MSME products both offline and online, both locally, regionally, nationally, and internationally (export).Strategi S-T
    h. This strategy is made to optimize the strengths to overcome the threats of MSMEs
    i. (S1, S2, S3, T4) Improving infrastructure, especially roads and lighting to facilitate product mobility
    j. (S1, T1, T8) Government participation in price control of both raw materials and selling prices in the Market
    k. (S3, T6) Government policy to promote the purchase of local products to all people in Kabupaten X.
3. W-T strategy
    This strategy is based on the weaknesses of MSMEs to avoid threats.
    a. (W3, T6, T7) Provide assistance or knowledge about technological production equipment to increase production capacity so as to reduce production costs.
    b. (T2, T3, W4, T11) Improve the quality of human resources in Kabupaten X by providing skills training in both soft and hard skills.
    c. (W8, T9) Provide and expand MSME centers to market MSME products
    d. (T3, W6) Providing teaching on entrepreneurship since high school and its equivalent.

2. Strategi Turn Around
    The results of the above analysis can be formulated that the alternative strategy for developing MSMEs in Regency X is the Turn Around Strategy. The strategies implemented include:
    a. Identifying the internal problems of MSMEs in Regency X
    b. Providing training to MSME actors on how to manage businesses, non-cash payment systems, innovation and creativity in creating products, packaging, and branding, as well as online marketing
    c. Provide basic assistance or business knowledge to MSME players such as easy access to capital, technological production equipment, and assistance in accelerating the process of obtaining product legality
    d. Implementing MSME curation programs to encourage MSMEs to become MSMEs with operational and product standards that are ready to have product and business certifications and licenses
    e. Build cooperation with microfinance institutions to provide funding for MSMEs with supervision and monitoring from the government through relevant agencies

f. Increasing the implementation of trainings and encouraging MSME Associations and MSME actors to always develop and improve their businesses so that it will have a welfare impact on the surrounding environment

g. Provide comprehensive counseling and mentoring to MSME Associations/Organizations and MSME actors

h. Establish a program to assist the marketing of MSME products both offline and online, both locally, regionally, nationally, and internationally

IV. CONCLUSION

Based on the data and information that has been processed and explained in the previous chapter, the following conclusions can be drawn:

1. Based on the SWOT matrix, it can be concluded from the IFAS and EFAS factors that:

    a. MSMEs in Regency X have a strength score of 0.70 which consists of maintaining the stability of selling prices so that selling prices are always competitive, most of the products are environmentally friendly, durable products, so that they can reach market shares outside Regency X, the location of X is in a coastal area, so the potential for the main raw material in the form of fish is quite abundant and there is BPUM assistance from the Government, to increase capital during pandemic conditions, although not all MSMEs receive BPUM assistance.

    b. In addition, MSMEs in Regency X also have weaknesses with a score of 1.36, including the need for capital for production and difficulties in obtaining loans with low interest, production equipment is still manual, so it is necessary to add technological production equipment to increase capacity, management is still carried out conventionally, does not yet have certification / permits for products, such as halal certification, BPOM, etc., lack of innovation and creativity in creating products, have not mastered online marketing, difficulty in marketing products, and because the business is still limited or has not developed so that it has not had a welfare impact on the surrounding environment.

    c. Opportunities for MSMEs in Regency X have a score of 1.13 including changes in the lifestyle of the current community making the market share quite high, export of MSME products, good relationships with suppliers, sales of Indomaret Retail Products, product export opportunities abroad (Turkey), product curation programs from the government, the location of X is crossed by the main pantura route connecting Jakarta-Surabaya. Along the north coast of Java, there are many tourism sites, joining an association/organization of MSMEs, so that there is a medium for discussion related to product development, and there are counseling/business development support programs from related agencies, although not comprehensive to all MSMEs.

    d. The threats faced by Kabupaten X MSMEs have a score of 1. 29 include high production costs due to rising/high raw material prices and production equipment that is still manual, lack of labor interest in working in MSMEs compared to industries/factories, the quality of human resources that is not yet qualified, inadequate road access and street lighting, the presence of diseases and pests for MSMEs based on agriculture, plantations, and fisheries, a pandemic that has an effect on decreasing people's purchasing power so that production capacity decreases, little profit is obtained because the selling price is fixed/competitive while the price of basic commodities rises, competition that causes price wars (prices become cheap/down), offline marketing such as bazaars, exhibitions and the like requires a lot of operational costs for transporting products, lodging, operations and others while the selling price must remain competitive in order to sell and is less suitable for coffee plantations.

2. From the quantitative model analysis, the highest W-O strategy value is obtained, namely 2.49 and the coordinate point of the SWOT analysis diagram shows in quadrant III, namely the Turn Around Strategy. The Turn Around strategy means that MSMEs in Regency X face enormous market opportunities, but on the other hand also face various internal constraints/weaknesses. The focus of the MSME development strategy in Kabupaten X is to minimize the internal problems of MSMEs so that they can seize better market opportunities. Thus, alternative strategies that can be carried out are:

    a. Identify the internal problems of MSMEs in Kabupaten X,

    b. Provide training to MSME actors on how to manage businesses, non-cash payment systems, innovation and creativity in creating products, packaging, and branding, as well as online marketing,

    c. Provide basic assistance or business knowledge to MSME actors such as easy access to capital, technological production equipment, and assistance in accelerating the process of obtaining product legality,

d.   Implement an MSME curation program to encourage MSMEs to become MSMEs with operational and product standards that are ready to have product and business certification and licensing,

e.   Build cooperation with microfinance institutions to provide funding for MSMEs with supervision and monitoring from the government through relevant agencies,

f.   Increase the implementation of trainings and encourage MSME Associations and MSME actors to always develop and improve their businesses so that they will have a welfare impact on the surrounding environment, provide comprehensive counseling and mentoring to MSME Associations/Organizations and MSME actors, and form programs to assist the marketing of MSME products both offline and online, both locally, regionally, nationally, and internationally (export).

The government of Kabupaten X in the RPJMD has given special attention to the development of MSMEs, where the policies taken have also been aligned with the policies of the East Java Provincial Government. The programs in question include the Priority Program of the Regional Head, the Direction of Development Policy, and the Work Program of the Cooperative and MSME Office of District X. These government policies can also be seen from the alignment of the RPJMD of District X for 2021-2026 with the RTRW of District X for 2020-2039.

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