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The Strategy of SMEs/SMIs Development in DKI Jakarta

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Abstract

This research aims to identify local government strategies in developing Small and Medium Enterprises (SMEs). A qualitative method with observation techniques, in-depth interviews (depth interviews) and Focus Group Discussion (FGD) was applied to obtain primary data. The result was that IFE analysis with a score of 3.02 shows the internal conditions in a good category (the first rank was the marketing factor followed by production and information system factors). The result of the analysis of strengths, weaknesses, opportunities, and threats shows that the strategy lied in quadrant I. The right strategy in this quadrant is the aggressive strategy which in this case SMEs players could take advantage of opportunities that are supported by internal strengths owned, oriented towards growth strategies. The total EFE matrix score is 3.15. which shows the external conditions are in a good category were in the first rank was the government's partisanship, the business world towards SMEs, the separation of SMEs and SMIs, and the availability of capital. The disadvantage is the high level of social and security vulnerability. Based on the QSPM and IFE Matrix, 2 cumulative alternative strategies were obtained with the TAS value of the Product Development Strategy of 2.54 and the TAS value of the Market Development Strategy of 2.78, as the main alternative that should be chosen. Based on QSPM and EFE, the TAS value of the Product Development strategy is 2.3 and the TAS value of the Market Development Strategy is 2.82, becoming the main alternative that should be chosen.

Keywords:

SMEs, Internal Factor Evaluation (IFE), External Factor Evaluation, SWOT Analysis, Quantitative Strategic Planning Matrix (QSPM)

1. INTRODUCTION

Small and medium enterprises (SMEs) are recognized as one of the economic drivers, as reflected in their role in supporting economic growth, creating job vacancy, and promoting an entrepreneurial environment according to Dangi et al. (2018). The elimination of barriers and the availability of advanced technology in manufacturing, transportation, and communication have encouraged global access for SMEs (Dabic et al., 2019). However, they still experience various obstacles such as asymmetry, problems related to contract design, dependence on the supplier, product specifications, supply chain complexity, and performance monitoring (Cragg and McNamara, 2018).

There are four main reasons that slow down the growth of SMEs in Asia, namely lack of capital; lack of database; low expenditure on R & D; inadequate use of information technology, according to Yoshino and Taghizadeh-Hesary (2016). The

development of creative economic products, such as fashion, culinary and craft, has been able to contribute to Indonesia's economic growth of more than 50 percent of National GDP. But in some areas, they still face various problems such as the lack of data and information on that business, weak infrastructure, and ownership of intellectual property rights. Indonesian fashion products are not locally based, had not got their brand and creativity developed, had no economic value, and only inherited from their parents (organizers of Indonesian Fashion Week, IFW). Fashion products SMEs are still run individually so they have not synergized with other parties and do not get good management, resulting in problems with access to capital. According to the Managing Director of the Institute for Marketing Services for Cooperatives and Small and Medium Enterprises (LLP-SMEs), and BPS, around 60% -70% business actors only graduated from elementary or junior high school, making them difficult to adapt to technological developments.

Even though the DKI Regional Government has been trying to prepare facilities such as Educated Locations (Lokbin) and Temporary Locations (Loksem), Small-Scale Village (PIK), PD Pasar Jaya, Mall, batik special markets, they still need assistance and support from various parties. This study used primary

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data from in-depth interviews involving managers such as the SMEs and Trade Cooperative Office of DKI Jakarta; Industry and Energy Office of DKI Jakarta; The SMEs and Trade Cooperative Service Office in five areas in DKI Jakarta; Department of Industry and Energy (SMIs) in five areas in DKI Jakarta; Lokbin and Loksem management; Association management; and program assistants in sub-districts, as well as business actors in the SMIs fashion sector.

2. LITERATURE REVIEW

Previous studies that examined the development strategy by looking at internal and external factors such as; Foris and Mustamu (2015); Faruq and Usman (2014); Ariani and Utomo (2017). Miyamoto (2016) found that Korea's human resources (HR) department had a major influence on the IT, which was the same as Japanese SMEs, although their management style was very different. Korean management seems to have great power over every division, such as Sales/Services, Research and Development/Technical Experts, HR, and Production.

Whereas fashion products included in the creative industries category, by conducting improvement training; developing the employee's potential and expertise; providing business development training; marketing; and providing financial training and assistance; conducting seminar about credit for capital (Anggraini and Hasanah, 2018), training on network marketing, promotion, creating new products, exploring new markets, diversification product, expanding market, installing billboard, facilitating website, publishing in local electronic media, and conducting exhibition Dangi et al. (2018); Anggraini and Hasanah (2018). Furthermore Foris and Mustamu (2015) studied the importance of product innovation through business development, machine production equipment, product diversification, product quality and intensive collaboration with suppliers.

Furthermore, a study focused on government programs on infrastructure development was conducted by Anggraini and Hasanah (2018). Some studies also said that SMEs must have local characteristics, be based on strong willingness and work ethic, develop an entrepreneurship mindset, produce appropriate technology, establish good cooperation, be consistent, and have sustainable programs with the government. SMEs also need to be supported by Technology and Information. Dangi et al. (2018) states that the utilization of ICT can act as the catalyst for the growth of a business in the international market because it is able to empower it to bring many functions and to get good accessibility.

Adoption of technology, for example, the utilization of sophisticated machines, can boost production effectively and efficiently as one of the criteria to be successful in the international market. In addition, alignment of integration and commitment to the use of IT, support of experts, consideration of IT complexity, environmental uncertainty, and stakeholder support also affect this condition. Specifically, for businesses in fashion such as convection, they need innovation as stated by Beynon et al. (2018) that SMEs need to develop innovation intentions and strategies needed to support/exploit those intentions that will be

valuable for academics, business support agencies, and policy-makers. In addition, product variants, flexibility, on-time delivery, and consideration of environmental/fashion changes also support the success of a business (Faruq and Usman, 2014).

Product is developed through design-based innovation, model development, and product size adjustments. In addition, the global competitiveness is boosted through the main strategy, in this case, the growth strategy, namely maintaining the quality of raw materials, product legality/permits that are included in the qualifications, and competitive prices (Ariani and Utomo, 2017). This research focuses on the strategy of developing fashion products through policy studies on SME and SMIs managers within the DKI Regional Government. This research involved the management in the government environment in DKI Jakarta which was still rarely conducted.

2.1. The Analysis of the Internal Environment

The framework of comprehensive strategy formulation covering strategy formulation techniques can be integrated into the decision-making framework through three stages: Input Phase; Matching Phase and Termination Phase. The internal environment is analyzed to determine the strengths and weaknesses of the company. Several factors that influence the internal factors of SMEs are Human Resources; Finance/capital; Production and Operations. These factors have a significant and positive influence on the performance of micro and small businesses (Munizu, 2010).

2.2. The Analysis of the External Environment

The process of developing a business also considers the external environment that presents data on factors that can provide opportunities and threats to the company. The external environment is included in the theory of five Porter powers, which are: The threat of newcomers; Supplier bargaining power; Buyer bargaining power; and substitution product threats and competition among industry members. External factors consisting of government policies, socio-cultural and economic, and the role of related institutions, have a significant and positive influence on the performance of micro and small enterprises (Munizu, 2010). Increasing access to credit, increasing human resources, improving technology, improving government policies, increasing innovation and increasing marketing are all factors that influence the increase of SMIs upgrading (Hamdani and Awatara, 2016). The purpose of this study is to explore the determinants of both internal and external factors for the development of SMIs in the DKI Jakarta area, especially fashion products, with the target of SMIs actors and policymakers in developing SMEs. The whole objectives of this study include Identifying factors that are the basic capital of SMIs in developing their business and identify the DKI Regional Government's strategy in improving the competitiveness of SME /SMIs fashion products; provide program recommendations and strategies to improve the competitiveness of SME/SMIs fashion products in DKI Jakarta.

3. RESEARCH METHOD

This is qualitative research that used a phenomenological approach, with observation techniques, depth interviews, and documentation. Primary data was obtained directly from the research objects which in this case were informants, including SMIs actors, managers of the DKI Jakarta Cooperation, SME and Trade Office; DKI Jakarta Office of Industry and Energy; Department of Cooperatives, SMIs and Trade in five areas in DKI Jakarta; Department of Industry and Energy in five areas in DKI Jakarta; the PIC of Lokbin and Loksem; Association management; and program assistants at the District level. Then, we conducted a Focus Group Discussion (FGD), which is a process of collecting data and information systematically and specifically through group discussions.

The stages in this study are as shown in the Figure 1.

4. FINDINGS AND DISCUSSION

4.1. Analysis of Internal and External Factors

The results of the study show that the government development strategy has some stages including (1) the existence of mapping and measurable planning resulting from studies/research with academics or researchers according to Dangi et al. (2018) stating that research and development activities (R & D) are needed as growth strategies; (2) availability of locations for running the business, one of the current regional government programs is the creation of new entrepreneurs. (3) how is the business carried out, whether there has been continuity in terms of several aspects such as capital, marketing, raw materials, human resources, and production (Dangi et al., 2018), information systems, policies that make SMEs/SMIs more developed; and (4) the SMIs actor. Currently, SME/SMIs actors vary greatly in the type of business, level of business, method of using technology, and duration of involvement (beginner or old actor). Government policy must be based on the results of the SME/SMIs problem mapping, to be right on target and produce entrepreneurship as desired.

In order to upgrade and be able to enter the exhibition market, especially international SME/SMIs players, we should pay attention to (1) strong ability and willingness (2) the production of internationally standardized products. (3) self-confidence and creativity in creating products. (4) strong mentality, (5) bravery of loss or failure, (6) sufficient intellectuals, (7) ability to cooperate, motivate and share knowledge and experience to each other (8) a strong sense of business, and (9) ability to get out of old ways of thinking towards new ways of thinking (out of the box). Martínez-Costa et al. (2019) explains that innovative culture positively influences collaboration between organizations and their learning. The effect of external collaboration in innovation, which is mediated by organizational learning, demonstrating the importance of employees acquiring, distributing and interpreting new external knowledge to ensure the development of successful innovations.

Likewise, a study by Han (2013) found that businesses must strengthen and improve their quality. Based on the results of the analysis of SMIs actors, the training program should pay

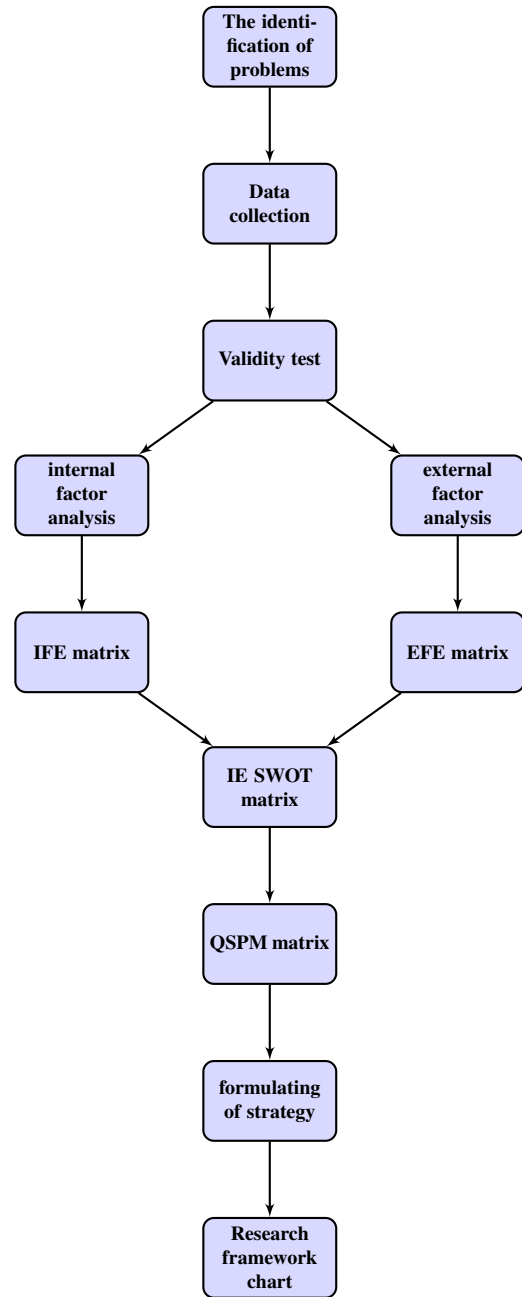


Figure 1: Dual Pathway Creativity Model

attention to (1) the results of the study on the needs and types of training (2) methods that suit the conditions and needs of participants (3) the material in accordance with the business background of the participants, so that the material and the participants' need can match, (4) in line with business ethics, (5) training materials tailored to the needs of beginners, start-ups, professionals, or exporters, (5) training equipped with mentoring, (6) providing training for leaders to increase commitment and competence. Rahman et al. (2018) study states that based on the Resource-Based View (RBV) perspective, HRM practices are the best way to utilize vital internal resources that affect performance in organizations.

In addition to maintaining local culture and wisdom that is becoming increasingly important, the results of the study show that SMIs actors should (1) recognize local values that are state assets, (2) develop products with high creativity, and (3) develop products with a content local that should be based on the results of the study/research. The government and the private sector need to help the development of facilities and management to support the business to compete in national and even international markets. Community development is a process where efforts or community potentials are integrated with government-owned resources, to improve economic, social and cultural conditions, and to integrate communities into the context of national life (Ein-Siedel, 1968).

The SMEs development program can be implemented through identification and knowing the potential of resources that have the potential to increase SMEs/SMEs. As with other regions, Jakarta has the potential for SMEs growth. The emergence of various national and international fashion events (activities), enables Jakarta to become the center of fashion and the entry of various cultures, which influence the behavior and lifestyle of its people.

Internal and External Environment Analysis shows good conditions, where all factors support SMEs/SMEs in developing business. The internal environment addresses strengths and weaknesses. Internal factors involved in research, based on the state of SMEs/SMIs, consist of financial management, marketing, HR, production, and information systems. Variables of strengths and weaknesses in each of these factors can be seen in Table 1.

The external environment leads to opportunities and threats. Opportunities can direct organizational activities while threats, hinder the movement of the organization. External factors discussed include micro-environment, industrial environment and macro environments, such as technological developments, competitors and market forces, suppliers of raw materials, economics and government policies. Variable opportunities and threats on each factor can be seen in Table 4.

The identification of company internal factors aims to determine the strengths and weaknesses of the company. Next, we weighted and rated each variable, the results are shown in Table 2.

In Table 2, the internal factor score, 3.02, explains that the condition of the internal factors of SME/SMIs fashion products in DKI Jakarta is in a strong position and a good category. Based on Ranking, we can see that the dominant internal

strength of the DKI Jakarta SMEs/SMIs is in the field of marketing, especially in terms of product diversity. This explains that Jakarta is the center of fashion in Indonesia, which is close to some of the largest shopping centers in ASEAN and has access to marketing such as a large market/mall with a relatively large number. This is consistent with the research (Anggraini and Hasanah, 2018) that there is a need for marketing development through increasing marketing, promotion, market development, and marketing staff training networks.

In addition, a business should have large export opportunities, close to major airports/ports, and be included in several national and international events. The next rating is production. Because Jakarta is the destination for regional product markets from all regions in Indonesia, there is easy access to raw materials. In addition, there is ease of utilization of production technology; experts, labor; innovation and development of production machinery; product diversification; product quality; intensive collaboration; and procurement of raw material supplies (Foris and Mustamu, 2015); . The capital component was found to function as both a strength and barrier for SMEs/SMIs. On the one hand, the existence of external capital (loans) is beneficial for SMEs/SMIs because it minimizes financial risk for businesses and offers more freedom in decision making without fear of restrictions on external finance. However, on the other hand, the lack of financial resources due to difficulties in obtaining external capital (loans) might limit the ability of SMEs/SMIs to take appropriate business opportunities, according to the Shah et al. (2017). This is due to many business actors that have not been bankable so that they require financial and accounting knowledge and literacy.

The main weaknesses of SME/SMIs fashion products in the DKI Jakarta area in the marketing sector are related to intense competition from cheaper and better-quality imported products. The entry of imported products into Indonesia is unstoppable due to the implementation of the MEA and the global market. This is a challenge for businesses to improve the quality and competitiveness of local products. The next rating is a management information system and database availability that is not optimal, as reported by Yoshino and Taghizadeh-Hesary (2016); Dangi et al. (2018), according to the results of in-depth interviews, data and information needs are felt to be very lacking in the application of digital economy business data is absolutely necessary.

Completeness of data is a manifestation of the readiness of managers in making policies. Meanwhile, for actors, this becomes a place to exchange information for business development and marketing needs. And for researchers, this is a data source and mapping. The private sector also needs data to help their CSR programs to be on target. In addition, given that many SME/SME players are not yet bankable (Yoshino and Taghizadeh-Hesary, 2016), micro-businesses are considered risky and face stringent loan requirements such as guarantees, appropriate supporting documents, and good business records. Unfortunately, most of them cannot fulfill this requirement (Thaker and Mohamed, 2013).

Micro companies suffer from a lack of human resources. Most of them have less skilled human resources with low edu-

Table 1: The Identification of Internal and External Factors

	Helpful (to achieve the objective)	Harmful (to achieve the objective)
Internal origin (product/company attributes)	<ul style="list-style-type: none"> ● The availability of credit schemes from regional banks and National bank and CSR programs from private companies ● There is an SMIs development program through the "OK OCE" program ● It has a Temporary Location and Location and cooperation with the Mall for SMIs actors ● The availability of regular monitoring; It has a good pricing strategy ● It already uses e-marketing media for promotion; It has an SMIs association ● There have been trading and various Fashion Mission programs and national and international level bazaars/exhibitions ● There is the largest Sales Center in Southeast Asia; There is export support ● Access to raw materials is relatively easy ; It has specific and diverse products; Jakarta is a Fashion Center ● It has a network related to information on the procurement of production equipment (information discounting prices) ● The development of internet technology and many start-up actors have become a force for the development of e-commerce businesses 	<ul style="list-style-type: none"> ● Many SMEs are not yet bankable, making it difficult to obtain adequate additional capital ● There is no synergy and sustainability between the old government program and the new government ● The SMIs organization is created separately where the SMIs is managed by the Office of Cooperatives, MKM, and Trade, while the SMIs is managed by the Office of Industry and Energy (PE). This makes it difficult to manage ● It has not developed products based on local culture/regional culture and does not have an adequate customer database ● It has limited business location and industrial location ● SMIs actors have not carried out management and inventory records and low education are unable to absorb the information properly ● Human resources for management are limited and have lack understanding about the field ● Actors are not interested in training but are more interested in mentoring ● Benchmark activities are not optimal and there is not much study on the needs of developing SMIs.
Internal origin (product/company attributes)	<ul style="list-style-type: none"> ● Has a legal umbrella in the form of a Regional Regulation on the development of SMIs ● Having good relations with suppliers; The use of e-commerce has run well ● Having a business network between businesspersons; Some malls provide a degree of SMIs products ● Providing trade mission programs with foreign and trade ministries and there is a network related to information on the procurement of machinery/equipment at low prices ● Many international brand industries offer cooperation in the use of local materials and labor for marketing areas in Indonesia and some other countries, ● The existence of events, bazaars on a national and international scale allow for the many requests for fashion products from several countries such as the Middle East ● The development of e-commerce business is a means of promotion and increasing sales turnover ● The lifestyle of the people of Jakarta is an opportunity to innovate 	<ul style="list-style-type: none"> ● The number of variants of substitute products coming from other regions to the DKI Jakarta area ● Business actors are still running on their own, and have not yet cooperated mainly in dealing with inflows of goods from abroad such as China ● Not having cooperation with the organizers of national and international exhibition events ● Many Import products with better quality and cheaper prices enter Indonesia such as Chinese products. ● Many large capital entrepreneurs will displace small industries ● The dense population makes it difficult to provide business locations, especially related to industrial ban zones ● The policy of separating SMEs and SMEs is very difficult to guarantee the effectiveness of governance ● SMIs development has not been focused because it is combined with industry and energy (irrelevant) ● The change of regional heads accompanied by a less integrated policy change

Table 2: Results

Dominant Internal Factors		Weight (a)	Rating (b)	Score (c=a.b)	Ranking (d)
A. Strength					
Finance and Capital					
1	Easy to access to financial institutions	0.04	3.64	0.13	4
2	Easy to form a cooperative organization	0.04	2.55	0.09	7
Human Resource Development					
1	Have OK Oce business training program	0.03	3	0.08	8
2	Have a Partnership Program	0.03	2.45	0.06	10
Marketing					
1	The product types are very diverse	0.05	4	0.19	1
2	Has various international events (Jakarta Fashion Week, Jakarta Cloth, Ina Craft, Pekan Raya Jakarta and various other bazaars as marketing channels	0.05	2.55	0.12	5
3	The availability of Cooperation offers for a product export	0.03	3.45	0.11	6
4	Joining the Foreign Trade Mission Program	0.03	2.45	0.07	9
5	Get access to sell products in Mall / Shopping Centers	0.05	3	0.14	3
6	Close to some of the biggest Shopping Centers in ASEAN	0.05	4	0.18	2
Information Systems					
1	Development of SMIS database	0.03	2	0.07	9
2	Permissions are already online	0.04	3	0.11	6
Production					
1	Availability of information on a cheap machine	0.03	2.73	0.09	7
2	Ease of getting raw materials	0.04	3.09	0.13	4
3	Use of technology and product innovation	0.04	3	0.11	6
4	Not affected by foreign currency fluctuations because they still use domestic raw materials	0.05	3	0.14	3
5	Flexibility and ability to adjust to market conditions, compared to large-scale companies that are generally bureaucratic	0.04	3.45	0.14	3
Cooperation					
1	The ease of building export cooperation with National and International entrepreneurs	0.03	2.55	0.08	8
General Management					
1	Routine Monitoring	0.03	3	0.09	7
2	There is a management coaching program from the local government and partners	0.03	3	0.09	7
Total (A)		2.22			

Continued from Table 2

B. Weaknesses					
Finance and Capital					
1	Many MSMEs are not yet bankable	0.04	2.55	0.1	3
2	There have not been many established Cooperative Institutions / they have not been utilized optimally	0.03	2.55	0.07	6
Human Resources					
1	The training program is less attractive because it requires assistance	0.03	3	0.09	4
2	HR limitations on aspects of entrepreneurship, finance, management, production techniques, product development, quality, marketing techniques, and market research	0.03	2.55	0.07	6
Marketing					
1	Tight competition with imported products that are cheaper and have a better quality	0.04	3.82	0.17	1
2	Business location arrangements are very difficult, given the existence of regulation to ask a permit before running a business	0.03	3	0.08	5
Information Systems					
1	Management and database information systems are less optimal	0.04	3	0.11	2
Cooperation					
1	Collaboration by industry players is not optimal	0.02	3	0.06	7
2	Have not had cooperation with the Research and Development Center for the use of technology and SMIS innovation	0.02	3.09	0.06	7
Total B		0.81			
Total (A+B)		1	3.02		

cation levels. In addition, the results of the study showed that the training programs were less attractive, SME/SMIs actors needed more assistance, according to the results of in-depth interviews with the heads of business associations. There are weaknesses in HR in aspects of entrepreneurship, finance, management, production techniques, product development, quality, marketing techniques, and market research (Thaker and Mohamed, 2013).

The last rank is cooperation, especially in the use of research and development institutions according to Yoshino and Taghizadeh-Hesary (2016), that the SMEs sector is still weak in providing R & D funds. At present, this is still a less important strategy, but in the future, it can be very important and absolutely done considering that it is increasingly needed to innovate and emerge as a debate in various studies. Understanding the very important weaknesses in the development strategy in order to deal with threats has a big influence according to Fitriani et al. (2018). SMEs/SMIs is usually a home-based industry. According to Pangemanan and Walukow (2018), home industries are very competitive in terms of consistency, but in terms of promotion, product quality, price, product diversification, design training, management and economies of scale, they are lagging. Home industries should develop marketing networks, improve product design and quality, promote and control costs, diversify products and this can only be done with intensive training.

4.2. EFE (External Factor Evaluation) matrices

The external environmental analysis was carried out through the identification of external factors of the company to deter-

mine the strengths and weaknesses of the SMIs. After being identified, we weighted and rated each variable. The results are shown in Table 3.

In the Table 3, the external factor score, 3.15, indicates that the condition of internal factors has a strong position and a good category. According to the ranking, it seems that the main opportunity possessed by the DKI Jakarta SMIs is regulation, commitment, and government support, according to Anggraini and Hasanah (2018), infrastructure and cooperation to maintain continuous consistency. The second rank is finance and capital, where cooperation and partnerships with financial institutions become the potential for increasing capital of SMIs (Anggraini and Hasanah, 2018).

Socio-demographic factors are an opportunity because of the increasing number of people being the market potential of SMIs products. Availability of productive workforce; enough internet access; and mastery of technology is an important aspect too. Although it has many threats given the high social and security vulnerabilities such as theft, fraud, crime and thuggery, and illegal levies, Jakarta is the center of government activity, the trade center and the capital which is the foundation of all people seeking a decent life. However, for the last ranking, the threat of developing SMEs is the improvement of technology and information that will increase customer interest in foreign products compared to local products. This is currently not a major threat, but in a relatively fast time, this can happen, so it needs the attention of all parties

Table 3: Result of EFE (External Factor Evaluation) Matrix

Dominant External Factors		Weight	Rating	Score	Ranking
		(a)	(b)	(c=a.b)	(d)
C. Opportunities					
Government Regulations, Commitments, and Support					
1	The increase of commitment and partisanship of the government, business world, and society towards the existence of SMIS	0.05	4	0.19	1
2	Information disclosure is an opportunity for better management of SMIS	0.03	3	0.09	5
3	Stable economic growth is an opportunity to improve the SMIS	0.04	3	0.11	4
4	Separation of SMES and SMIS facilitates the management of business actors and industry players	0.04	4	0.16	2
Finance and capital					
1	Availability of adequate financial institutions	0.05	3.45	0.16	2
Human Resources					
1	Availability of a large and productive labor force	0.03	3.55	0.12	3
Marketing					
1	The potential of the domestic market continues to grow, along with the development of the population	0.03	2.64	0.07	7
2	The opening of the ASEAN market and the existence of international events expand the SMIS market share in overseas	0.03	2.64	0.08	6
3	Digital marketing is able to improve the promotion of SMIS	0.04	3	0.12	3
Supplier					
1	The presence of suppliers from other regions and other countries	0.04	2.55	0.11	4
Cooperation					
1	The existence of international events opens opportunities for export cooperation	0.04	3	0.11	4
Organization					
1	The experience of MSME organizations as best practice is available in full	0.03	3	0.09	5
Competition between companies					
1	A fair and regulated business competition provides an opportunity for MSMEs to compete with global products	0.02	2.45	0.06	8
Social and Demographic					
1	The development of the population has become a growing domestic market potential,	0.04	3	0.11	2
2	Changes in the behavior and lifestyle of fashion trends have become opportunities for developing SMIS fashion products	0.04	2	0.08	6
Information Technology					
1	Development of information and communication technology,	0.03	3	0.09	5
Score C				1.75	

Continued from Table 3

Dominant External Factors	Weight	Rating	Score	Ranking
	(a)	(b)	(c=a.b)	(d)
Threats				
Law, Government Policy, and Politics				
1 Weak regulation and law enforcement lead to more pressure on SMIs by large businesses that aggressively enter the business area	0.05	3	0.14	3
2 The need for policies to limit imports to improve the competitiveness of SMIs	0.04	3	0.11	5
Supplier				
1 The entry of suppliers from abroad can weaken the competitiveness of SMIS products	0.03	2.91	0.08	7
Customer				
1 The development of technology and information increases customer interest in foreign products compared to local products	0.02	2.45	0.06	8
Competition				
1 SMIS business competition is getting tighter with many new innovations being supported by technology	0.03	3.45	0.11	5
The threat of Substitution products				
1 The growth of the threat of cheaper and better-quality substitute products from abroad	0.04	4	0.15	2
2 The low-quality commitment from SMIS actors leads to low consumer confidence in the quality and reliability of SMIS	0.04	4	0.15	2
Information and Technology				
1 Technological developments, especially E-Commerce, have entered small industries	0.04	2.45	0.09	6
2 Cyber attacks and mass data theft of intellectual property rights	0.03	3	0.09	6
Economy				
1 Rupiah fluctuations become a threat if raw materials are imported from abroad	0.04	3.45	0.13	4
2 Uncertainty of the world economy	0.03	3.45	0.11	5
Social				
1 The high level of social insecurity such as theft. Fraud, criminals and thuggery and illegal levies become obstacles for MSMEs	0.05	3.55	0.17	1
Total D			1.39	
Total (C+D)			1	3.15

Table 4: SWOT Matrix

Internal Environmental Factors	Strengths (S)	Weaknesses (W)
	1. The availability of credit schemes from regional and national banks	1. Many MSME players are not bankable yet, so there is no access to capital, there is no synergy and sustainability of programs offered by the old and the new governors
	2. The availability of CSR programs from private companies	2. Separation of SMES and SMIS managed by the Department of Industry and Energy (PE) makes it difficult to manage
	3. There is "OK OCE" MSME development program	3. Products based on local culture / regional culture have not developed optimally
	4. There are a temporary location and location, and a mall for MSME players	4. There is no adequate customer database
	5. Conducting regular monitoring	5. Has limited business location and industrial location
	6. Have a good pricing strategy	6. Many MSMEs have not carried out management and inventory records
	7. Utilizing e-marketing media for promotions and association and trade missions to overseas, exhibitions, national and international bazaars, as Jakarta's efforts to become the center of fashion	7. Many MSME actors with low education are unable to absorb the information properly
	8. Close to the largest shopping center in Southeast Asia and has export support	8. Human resources for Management are limited and lack control of the field, some business actors and industry players are low educated
	9. Access to raw materials is relatively easy	9. The training program is less attractive, but more interested in mentoring
	10. Has specific and diverse products	10. Benchmarking activities are not optimal
	11. There is a network of information on the procurement of production equipment (information about price discounts)	11. Have not conducted a lot of studies on the needs of MSME development
	12. Acts as the e-commerce and star up development center	

Continued from Table 4

External Environmental Factors		
Opportunities (O)	Strength - Opportunities (S-O)	Weaknesses - Opportunities (W-O)
<ol style="list-style-type: none"> 1. Has a legal umbrella in the form of a Regional Regulation on the development of SMIS 2. Having good relations with suppliers 3. The use of e-commerce has run well 4. Building business networks between businesspeople & information on the procurement of equipment 5. The utilization of mall, SMIS product titles, exhibitions, bazaars, fashion shows 6. Increasing trade mission programs through foreign and trade ministries. 7. Many international brand industries utilize SMIS by collaborating the product 8. Many requests for fashion products from several countries such as the Middle East 9. Increasing e-commerce business for promotional facilities and sales turnover 10. The lifestyle of Jakarta citizens becomes an opportunity to innovate 	<ol style="list-style-type: none"> 1. Increase Consumer trust 2. Creating New Products that Are Varied & Innovative 3. Utilizing advanced digital technology 	<ol style="list-style-type: none"> 1. Increasing the Production Capacity 2. Moving Business to A More Strategic Place 3. Increasing Product variants 4. Creating a more Creative Packaging to make it more Unique
Threats (T)	Strengths - Threats (ST)	Weaknesses - Threats (WT)
<ol style="list-style-type: none"> 1. The number of variants of substitute products coming from other regions to the DKI Jakarta area 2. Business actors are still running on their own, and have not yet cooperated mainly in dealing with inflows of goods from abroad such as China 3. Not having cooperation with the organizers of national and international exhibition events 4. Many Import products with better quality and cheaper prices enter Indonesia such as Chinese products. 5. Many large capital entrepreneurs will displace small industries 6. The dense population makes it difficult to provide business locations, especially related to industrial ban zones 7. The policy of separating SMEs and SMEs is very difficult to guarantee the effectiveness of governance 8. SMIS development has not been focused because it is combined with industry and energy (irrelevant) 9. The change of regional heads accompanied by a less integrated policy change 	<ol style="list-style-type: none"> 1. Keep the quality of products in facing competition 2. Set pricing strategies for every product 3. Create unique and creative designs 	<ol style="list-style-type: none"> 1. Increase cooperations with more vendors 2. Add counter/merchant branches 3. Conduct/increase promotions 4. Provide much more events

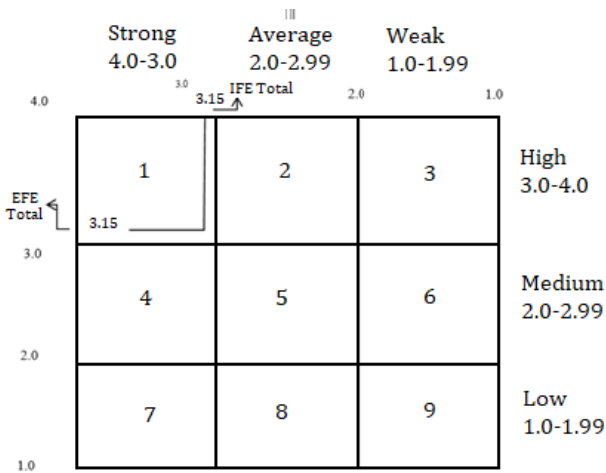


Figure 2: Space Matrix

4.3. Strategy Analysis (Matrix Space)

The results of the SWOT analysis in table 4 show that the internal factors of SMEs development in DKI Jakarta have a score of 3.02. While the external factors of the development of SMIs have a score of 3.15. The input from the internal-external matrix (IE) is the total score of the EFE matrix and the IFE matrix. The horizontal axis of the IE matrix is the overall score of the IFE matrix, which is 3.02 while the vertical axis is the overall weight score of the EFE matrix, which is 3.15. For more details, see Figure 2.

Based on strengths, weaknesses, opportunities, and threats, the strategy of SMIs development lies in quadrant I. The right strategy in this quadrant is an aggressive strategy, SMIs actors can take advantage of existing opportunities, which are supported by internal forces with a growth-oriented strategy. After the information illustrated in the IFE and EFE matrix had been collected, they were used as alternative strategies that would become the organization’s direction. Then the SWOT analysis was conducted to see what strategies could be used in accordance with an aggressive strategy (growth-oriented strategy).

4.4. Matching SWOT Matrix

Stage 2 of the matching stage determines key success factors for the external and internal environment.

Table 6 shows that the TAS value of the Product Development Strategy is 2.3 and the TAS value of the Market Development Strategy is 2.82. According to Dabic et al. (2019), the elimination of barriers, and technological advances in manufacturing, transportation, and communication have encouraged global access for SMEs. SMEs increasingly encourage economic growth and innovation and present opportunities and challenges for SMEs in the global arena. By using the QSPM analysis tool, alternative strategies through external factors can be used. The results of the comparison between the main alternative selection scores with the highest TAS scores on the alternative Market Development strategy, considering the commitment and partiality of the government, and the business world towards the existence of SMEs; and access to capital shows a

score of 0.15. The threat in terms of weak regulation and law enforcement led to the growing urgency of SMEs by large businesses that aggressively entered business areas with a score of 0.15.

For alternative strategies, product development by considering the existence of financial institutions for capital shows a score of 0.15; but by considering the constraints regarding the low commitment of product quality, consumers’ trust in SMIs products declined.

5. CONCLUSION AND SUGGESTION

5.1. Conclusion

Based on the results of internal analysis, products of fashion SMEs in the DKI Jakarta area have the power, namely, product diversity, the availability of various local, national and international events, access to shops in malls/shopping centers; and strategic location to the biggest wholesale center and shopping center. Based on the results of internal analysis, we also know that the SMIs of fashion in DKI Jakarta has the disadvantage that there are still many SMEs that are not yet bankable, intense competition with imported products at lower prices and better quality; and do not have an optimal information system and database. Based on the results of external analysis, they have enormous opportunities in terms of increasing awareness and commitment of the government, business world, and society; and the availability of financial institutions. SMIs fashion products also have threats in terms of weak regulation and law enforcement; policies that limit imports; the threat of cheaper and better-quality substitute products from abroad; low product quality commitment; technological development and e-Commerce; and rupiah fluctuations. QSPM analysis shows two priority strategies, namely market development strategies, and product development strategies.

5.2. Suggestion

Suggestions for improving the development of SMIs in the Jakarta area include: Local Government Policy related to the separation of Cooperative, SME and Trade Offices with the Department of Industry and Energy, especially the Head of Small and Medium Industries, received a mixed response, one party was perceived to be hampered because it made problems difficult to solve. While on the other hand, it is believed that both should cooperate to facilitate bureaucracy. This can be overcome through effective collaboration between managers and with a clear task distribution. There should be HR competency development, especially in IT and Internet-based businesses. Local governments should have research or research institutions that are supported by adequate information and database system. There needs to be a benchmark with more successful regions or countries.

The results of the analysis in quadrant 1 or in the growth-oriented strategy show that program recommendations and strategies are associated with increased competitiveness. By utilizing the strengths and opportunities possessed, the program recommendations and strategies to improve product competitiveness

Table 5: Quantitative Strategic Planning Matrix (QSPM) and IFE Matrix

No	SWOT Components	Weights	Product Development Strategy		Market Development Strategy		
			AS	TAS	AS	TAS	
STRENGTHS							
Finance and Capital							
1	Easy to access to financial institutions	0.04	3.00	0.12	3.00	0.12	
2	Easy to form a cooperative organization	0.04	2.00	0.08	2.00	0.08	
Human Resource Development							
1	Have OK Oce business training program	0.03	3.00	0.09	2.00	0.06	
2	Have a Partnership Program	0.03	2.00	0.06	2.00	0.06	
Marketing							
1	The product types are very diverse	0.04	3.00	0.15	3.00	0.15	
2	Has various international events (Jakarta Fashion Week, Jakarta Cloth, Ina Craft, Pekan Raya Jakarta and various other bazaars as marketing channels	0.04	3.00	0.15	3.00	0.15	
3	The availability of Cooperation offers for a product export	0.03	3.00	0.09	3.00	0.09	
4	Joining the Foreign Trade Mission Program	0.03	3.00	0.09	3.00	0.09	
5	Get access to sell products in Mall / Shopping Centers	0.04	2.00	0.10	3.00	0.15	
6	Close to some of the biggest Shopping Centers in ASEAN	0.05	2.00	0.10	3.00	0.15	
Information Systems							
1	Development of SMEs database	0.03	2.00	0.06	3.00	0.09	
2	Permissions are already online	0.04	2.00	0.08	2.00	0.08	
Production							
1	Availability of information on a cheap machine	0.03	2.00	0.06	2.00	0.06	
2	Ease of getting raw materials	0.04	3.00	0.12	3.00	0.12	
3	Use of technology and product innovation	0.04	3.00	0.12	3.00	0.12	
4	Not affected by foreign currency fluctuations because they still use domestic raw materials	0.04	2.00	0.10	2.00	0.10	
5	Flexibility and ability to adjust to market conditions, compared to large-scale companies that are generally bureaucratic	0.04	2.00	0.08	3.00	0.12	
Cooperation							
1	The ease of building export cooperation with National and International entrepreneurs	0.03	2.00	0.06	3.00	0.09	
General Management							
1	Routine Monitoring	0.03	2.00	0.06	2.00	0.06	
2	There is a management coaching program from the local government and partners	0.03	2.00	0.06	2.00	0.06	

Continued from Table 5

No	SWOT Components	Weights	Product Development Strategy		Market Development Strategy	
			AS	TAS	AS	TAS
WEAKNESSES						
Finance and Capital						
1	Many MSMEs are not yet bankable	0.04	3.00	0.12	3.00	0.12
2	There have not been many established Cooperative Institutions / they have not been utilized optimally	0.03	2.00	0.06	2.00	0.06
Human Resources						
1	The training program is less attractive because it requires assistance	0.03	2.00	0.06	2.00	0.06
2	HR limitations on aspects of entrepreneurship, finance, management, production techniques, product development, quality, marketing techniques, and market research	0.03	3.00	0.09	3.00	0.09
Marketing						
1	Tight competition with imported products that are cheaper and have a better quality	0.04	3.00	0.12	3.00	0.12
2	Business location arrangements are very difficult, given the existence of regulation to ask a permit before running a business	0.03	2.00	0.06	3.00	0.09
Production						
1	Location limitation / production process zone limitations	0,03	2.00	0,06	3.00	0,09
Information Systems						
1	Management and database information systems are not optimal	0.04	3.00	0.12	3.00	0.12
Cooperation						
1	Less optimal utilization of collaboration by industry players	0.02	2.00	0.04	3.00	0.06
2	Not yet collaborating with the Research and Development Center for the use of technology and innovation in MSMEs	0.02	2.00	0.04	3.00	0.06
Total		1.00	2.54		2.78	

Table 6: Quantitative Strategic Planning Matrix (QSPM) and EFE Matrix

No	Dominant Strategic External Factors	Weight	Product Development Strategy		Market Development Strategy	
			AS	TAS	AS	TAS
OPPORTUNITIES						
Regulation. Commitment and Support from the Government						
1	The increase of awareness, commitment, and partisanship of the government, business world, and the public on the importance of the existence of MSMEs in supporting the economy	0.05	2	0.1	3	0.15
2	Information disclosure is an opportunity for better management of MSMEs	0.03	2	0.06	2	0.06
3	Stable economic growth is an opportunity to increase MSMEs	0.04	2	0.08	3	0.12
4	The separation of SMEs and SMIs hinders the management of MSMEs	0.04	3	0.12	2	0.08
Finance and capital						
1	Availability of complete financial institutions becomes the potential for capital development	0.05	3	0.15	3	0.15
Human Resources						
1	The availability of a large and productive labor force	0.03	3	0.09	2	0.06
Market						
1	The potential of a growing domestic market. along with the development of the population	0.03	2	0.06	3	0.09
2	The opening of the ASEAN market and the existence of international events expand the market share of MSMEs in overseas	0.03	2	0.06	3	0.09
3	Digital marketing can improve the promotion of MSMEs	0.04	2	0.08	3	0.12
Suppliers						
1	The entry of suppliers from other regions and countries is the basis for providing raw materials and equipment to produce quality goods and services for customer	0.04	2	0.08	3	0.12
Cooperation						
1	The existence of international events opens opportunities for export cooperation	0.04	2	0.08	3	0.12
Organization						
1	The experience of MSME organizations as a best practice is fully available	0.03	2	0.06	2	0.06
Competition between companies						
1	A fair and regulated business competition provides an opportunity for MSMEs to compete with global products	0.02	2	0.04	3	0.06
Social and Demographic						
1	The development of the population has become a growing domestic market potential.	0.04	2	0.08	3	0.12
2	Changes in people's behavior towards lifestyle and fashion trends become opportunities for developing MSMEs in fashion products	0.04	3	0.12	3	0.12

Continued from Table 6

No	Dominant Strategic External Factors	Weight	Product Development Strategy		Market Development Strategy	
			AS	TAS	AS	TAS
Information Technology						
1	The development of information and communication technology that greatly supports business dynamics and faster market access capabilities.	0.03	2	0.06	3	0.09
THREATS						
Law. Government. and politics.						
1	Weak regulation and law enforcement cause MSMEs to be threatened by large businesses that aggressively enter business areas that should be intended for MSMEs	0.04	2	0.1	3	0.15
2	The need for a policy to limit imports to increase the competitiveness of MSMEs	0.04	2	0.08	3	0.12
Suppliers						
1	The entry of suppliers from abroad can weaken the competitiveness of MSME products	0.03	3	0.09	3	0.09
Customers						
1	Increased technology and information enhance customer interest on foreign products compared to local products	0.02	2	0.04	3	0.06
Competition						
1	UMKM business competition is getting tighter with many new innovations being supported by technology	0.03	3	0.09	3	0.09
The threat of Substitution products						
1	the massive threat of substitution products from cheaper and better LN	0.04	2	0.08	3	0.12
2	The low-quality commitment from MSME actors led to low consumer trust in the quality and reliability of MSMEs	0.04	3	0.12	3	0.12
Information and Technology						
1	Technological developments, especially E-Commerce, have entered small industries	0.04	3	0.08	3	0.12
2	Cyber attacks and mass data theft of intellectual property rights	0.03	2	0.06	2	0.06
Economy						
1	Fluctuations in Rupiah Value become a threat if raw materials are imported from overseas	0.04	2	0.08	3	0.12
2	The uncertainty of the economy is a barrier to MSMEs	0.03	2	0.06	2	0.06
Social						
1	The high level of social insecurity such as theft. Fraud, criminals and thuggery and illegal levies become obstacles for MSMEs	0.04	3	0.1	3	0.1
Total		1		2.3		2.82

are Market development strategies, with marketplace models and online business; and product development strategies. While to overcome weaknesses and threats, the DKI Jakarta government should increase the commitment and partisanship of the government, the business world, capital access, product quality and reliability, regulation and enforcement and legal protection of SMIs products.

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