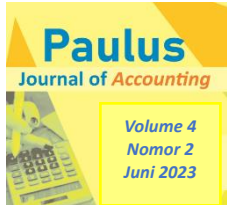


**MSME COMPETITIVE STRATEGY AFTER COVID-19 IN PEKALONGAN CITY
(CASE STUDY OF AGIFA BATIK)**

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***Abstract:** Batik is a characteristic of Indonesian culture that has great economic potential for Indonesia. However, the large number of Batik business actors in Pekalongan City shows competition. To be able to survive and thrive, proper analysis is needed to find out the right strategy to face competitors. The determination of the strategy of Agifa Batik MSMEs using SWOT Analysis which is classified with IFE and EFE matrices to find out the internal factor score is 2.7 and the external factor is 2.4 which means that the position of Agifa Batik MSMEs is in a developing position. From the SWOT analysis, Agifa Batik MSMEs can take advantage of their strengths and opportunities into a stronger strategy and existing weaknesses and threats can be overcome by looking at the opportunities they have.*



INTRODUCTION

The economies of all countries in the world are affected due to the global spread of the Covid 19 Pandemic. Covid 19 in addition to having an effect on the human health crisis, the business world was also affected because the wheels of the economy almost stopped. According to Yamali et al (2020), the economic sector in Indonesia has been affected by the Covid 19 pandemic, including layoffs, the Indonesian Manufacturing Purchasing Managers Index, a decrease in imports, an increase in prices (inflation) and losses in the tourism sector caused by a decrease in occupancy.

The Indonesian Ministry of Cooperatives and SMEs stated that the market share owned by MSMEs is 99.99% of the total business actors in Indonesia. Based on the number of employments, MSMEs absorb 97% of the national workforce (J. Halik et al., 2021; J. B. Halik et al., 2023). The great contribution of the role of MSMEs to the economic condition of the Indonesian nation needs to be appreciated by all parties.

Industrial development in Pekalongan City is focused on the creative industry, namely the batik industry. There are many MSMEs in Pekalongan City that develop their businesses in the Batik industry. The batik industry has great economic potential for Indonesia because it is a labor-

intensive sector that is able to absorb a lot of labor. Batik is one of the distinctive cultures owned by Indonesia. The uniqueness and beauty of batik is the main factor that the market is interested in. Batik has a large market share both at home and abroad so that it has the potential to develop in this industry (Novitasari, 2022).

The impact of Covid 19 that occurred in 2020 on Batik MSMEs in Pekalongan was the impact on production that was difficult to distribute raw materials for products originating from outside Java due to PPKM restrictions which caused an increase in raw material prices up to 2 times. The supply chain has been disrupted due to the obstruction of MSMEs to send orders to various producers and consumers outside the region (J. B. Halik et al., 2024). The impact on finance that occurs is the difficulty in obtaining financial assistance from third parties, thus hampering the production and marketing process (Rachmawati et al., 2022).

Starting in 2023, the batik industry will begin to rise again so that each MSME, including Agifa Batik, needs to have a competitive advantage to face competitors. Competitive advantage is a superior position compared to competitors and to be able to identify the advantages that the company will continue to develop (Dirgantoro, 2020: 71). Every company is required to excel in competing, so a strategy is needed to deal with it (HALIK et al., 2023).

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LITERATURE REVIEW

Competitive Strategy

Competitiveness is a company's ability to face the challenges of competition from its competitors, supporting the company's ability to create relatively high levels of revenue and factor utilization, while still maintaining a presence in competition (Latiep et al., 2023). Competitiveness must involve all aspects of competitiveness parameters to strengthen the competitiveness of the industry so that a strategy is needed in competing. The definition of competitive strategy is the determination and setting of short-term and long-term goals in the company by empowering effectively and efficiently (Fatimah & Tyas, 2020).

SWOT Analysis

SWOT analysis is a strategic planning method used to evaluate Strength, Weakness, Opportunity and Threat that occurs in a business venture, or evaluate one's own product line or competitors.

Analysis can be done by identifying the object to be analyzed. Strengths and weaknesses are grouped into internal factors, while opportunities and threats are identified as external factors (Rangkuti, 2015: 19).

1. **Strenghts**
Strength comes from internal companies which results in the possession of comparative advantages by business ventures.
2. **Weakness**
Weaknesses originating from internal companies that can be caused by management, marketing, finance, production, research, development and so on (Rangkuti, 2015).
3. **Opportunities**
Opportunities come from the company's external environment that can influence the company for the better, in this case it becomes a good potential for the development of business ventures.
4. **Threats**
Threats are a barrier for companies to achieve a superior position. Threats come from external environments such as new competitors, buyers / suppliers and technological changes that hinder the success of business ventures (Sedarmayanti, 2014).

RESEARCH METHOD

The research conducted used qualitative research with primner and secondary data sources.

1. **Data Primer**
Primary data was obtained from interviews with MSME owners Agifa Batik by conducting a question and answer process related to the research focus. Data is also obtained from direct observations about research objects such as sales data for MSMEs Agifa Batik
2. **Data Sekunder**
Secondary data are obtained from various literature in accordance with the focus of research.

This research was taken from the Pekalongan City area, Central Java with the object of MSME Agifa Batik. This research uses a descriptive analysis method, namely SWOT Analysis (*Strenght, Weakness, Opportunity, Threats*) to analyze data and describe the internal and external conditions of Agifa Batik MSMEs. The data obtained will be analyzed by creating IFAS and EFAS matrices and determining alternative strategies (Sunaryo &; Rusdarti, 2017).

RESULTS AND DISCUSSION

A successful business strategy is based on sustainable competitive advantage. Business strategy in SMEs can be determined using competitive strategy analysis through identification of strengths, weaknesses, opportunities and threats analysis (SWOT Analysis). The SWOT analysis approach can help to produce alternative strategy formulations for the company. This research was

conducted by making an overview of Agifa Batik SMEs engaged in the handicraft industry in Pekalongan City.

The results of the questionnaire processing and interviews obtained are presented in the SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats). From the identification of internal and external factors, Agifa Batik SMEs have several strengths, including:

1. Product Quality

Agifa Batik SMEs have good product quality because Agifa Batik SMEs always prioritize the quality of the products produced both in terms of design, model, color, and size.

2. Product Price

The price of products set by SMEs Agifa Batik is affordable for producers and consumers.

3. Strategic Location

UKM Agifa Batik has a strategic location to run its business well.

Weaknesses:

1. Marketing department

Agifa Batik SMEs that have not marketed products online.

2. TBSP

The quantity of human resources is still lacking so it takes longer to fulfill orders

3. Organization management

The management of the current organization has not worked optimally because the quantity and quality of existing human resources are still insufficient and not optimal

Opportunities:

4. Access to capital

Access to capital is offered by various parties so that it becomes an opportunity to develop a business

5. Pekalongan government's support for the batik industry

The government provides support for Batik MSMEs in Pekalongan City by making various seminars and bazaars.

Threat:

1. Fluctuating raw material prices

2. The emergence of batik imitation products at lower prices

3. The growth of batik MSMEs in the area of Pekalongan City thus increases the potential for competition with other batik SMEs to dominate market share.

4. Changes in trends and market demand are quite significant.

Table 1.

Table Matriks Internal Factor Evaluation (IFE)

Internal Factors	Weight	Rating	Score
Strength			
Product Quality that prioritizes good product quality in terms of design, model, color and size	0,2	4	0,8

The price of the product set is affordable for both producers and consumers	0,2	3	0,6
Strategic location owned to run its business well	0,1	4	0,4
Weaknesses			
Marketing departments that have not been able to market products online (using social media)	0,1	1	0,1
The quantity of human resources is still lacking	0,2	2	0,4
Management of organizations that have not worked optimally	0,2	2	0,4
Total	1		2,7

Table 2.
Table Matriks External Factor Evaluation (EFE)

External factors	Weight	Rating	Score
Opportunities			
Access to capital	0,2	3	0,6
Pekalongan Government's Support for Batik Industry	0,2	1	0,2
Ancaman			
Fluctuating Raw Material Prices	0,2	2	0,4
The emergence of batik imitation products at lower prices	0,1	2	0,2
The growth of UMKM Batik in Pekalongan which has led to increased market competition	0,2	3	0,6
Significant changes in trends and market demand	0,1	4	0,4
Total	1		2,4

Matix IE (Internal External) of Agifa Batik MSMEs in Pekalongan

Based on the results of the IFE and EFE matrices, it is known that the score for internal factors is 2.7, which means that Agifa Batik MSMEs have strengths and weaknesses above the average of 2.5. These results show that internally Agifa Batik MSMEs are strong. The results of the EFE matrix are 2.4, which means that Agifa Batik MSMEs are in a medium position so that they can be categorized in quadrant I. The results of the IFE and EFE matrices are entered into the IE matrix with the following figure:

Table 3.
Matrix Internal External (IE) Agifa Batik MSMEs

IFE Weighted Total Average		
Strong (3.0 – 4.0)	Average (2.0 – 2.99)	Weak (1.0 – 1.99)

EFE Weighted Total Average	High (3,0 – 4,0)	I	II	III
	Intermediate (2,0 – 2,99)	IV	V	VI
	Low (1,0 – 1,99)	VII	VIII	IX

Table 3. illustrates that Agifa Batik MSMEs are included in the V quadrant category, namely growth where this position shows that Agifa Batik MSMEs are in the position of Growth Stability Strategy, which is a condition where the company needs to consider strategies in employee competency development plans. In this position, strategies that can be applied can be by penetrating the market, market development and product development or interactively (integration).

SWOT Matrix Position of MSMEs Agifa Batik in Pekalongan City

Table 4.

Metrics SWOT UMKM Agifa Batik

	STRENGHT	WEAKNESS
	1. Product Quality: Agifa Batik SMEs have good product quality because Agifa Batik SMEs always prioritize the quality of the products produced both in terms of design, model, color, and size. 2. Product Price: The price of products set by SMEs Agifa Batik is affordable	1. Agifa Batik SMEs that have not marketed products online. 2. The quantity of human resources is still lacking so it takes longer to fulfill orders 3. The management of the current organization has not worked optimally because the quantity and quality of existing human

	for producers and consumers. 3. Strategic Location: UKM Agifa Batik has a strategic location to run its business well.	resources are still insufficient and not optimal
OPPORTUNITY	STRATEGY SO	STRATEGY WO
1. Access to capital is offered by various parties so that it becomes an opportunity to develop a business 2. The government provides support for Batik MSMEs in Pekalongan City by making various seminars and bazaars.	1. Cooperate to increase product yields. 2. Develop product design to increase market share	1. Open recruitment to important positions such as marketing and finance 2. Try to market the product online.
THREAT	STRATEGY ST	STRATEGY WT
1. Fluctuating raw material prices 2. The emergence of batik imitation products at lower prices 3. The growth of batik MSMEs in the area of Pekalongan City thus increases the potential for competition with other batik SMEs to dominate market share. 4. Changes in trends and market demand are quite significant.	1. Make a characteristic in making designs 2. Maintain an affordable price while still paying attention to quality 3. Conduct research and development to develop business.	1. Established marketing and finance division. 2. Promote on social media to increase brand awareness.

In the field of production, of course, Agifa Batik MSMEs have good product quality, this is done so that Agifa Batik MSMEs can survive, especially when the Covid 19 pandemic hits. By building cooperation with various parties, it can increase the amount of production produced and development is needed for product design so that Agifa Batik MSMEs are not left behind from

existing trends. By opening recruitment for important positions, it can facilitate business management and make work more optimally. Currently Agifa Batik has not yet entered the realm of social media, this is an opportunity that can be used to increase brand awareness to the surrounding community.

The results of the SWOT analysis of Agifa Batik MSMEs show that their strength and opportunities can be developed simultaneously. In addition, weaknesses and threats if analyzed with opportunities and strengths can form strategies that can improve business efforts.

CONCLUSION

Agifa Batik MSMEs are MSMEs engaged in Batik products. The results of the SWOT Analysis of MSMEs Agifa Batik show the strength and opportunity to form a strong strategy by developing it together. The weaknesses of Agifa Batik MSMEs can be overcome by looking at the opportunities they have so that business businesses can survive and develop.

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