

# MSMES Success Strategy: Unveiling the Secrets of Inspiring Small Business Success

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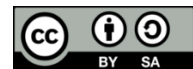
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## ABSTRACT

Identify and analyze key factors that lead to success in micro, small, and medium-sized enterprises (MSMES). This research aims to provide in-depth insight into the strategies used by successful MSMES, with the hope of providing practical guidance to other MSMES. The research methods used include surveys, interviews, and analysis of case studies of a number of MSMES considered successful. The results reveal the secrets of success, including effective marketing strategies, smart financial management, product innovation, superior customer service, and engagement in the local business community. The findings are expected to be a source of inspiration for MSMES owners and prospective entrepreneurs, as well as to make a positive contribution to the development of the MSMES sector as a whole. By understanding and implementing proven successful strategies, MSMES has the potential to increase their competitiveness in the market and long-term success.

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## 1. INTRODUCTION

The micro, small and medium-sized enterprise groups (MSMES) are the largest in the Indonesian economy, and they have shown a high degree of resilience to various types of economic crises. Previous research on Bogor's MSMES Preparedness Strategy in Facing Global Competition stated that economic globalization is a process of economic activity involving countries around the world. The existence of free trade is one of the consequences. Micro, small and medium-sized enterprises (SMEs) must have the ability to enter the global market not just at the national level. It's a good thing to encourage the national MSMES to compete in the international market.

One way to compete in the global market is to increase the creativity of MSMES operators. Products developed by MSMES perpetrators must attract and attract global markets. Whether in the form of art, fabric, traditional food, high quality coffee, or any other creative work. Innovation will attract consumers. A new product becomes a magnet for customers to buy. Therefore, MSMES activists are expected to be creative in making products to be equivalent to global products. International races are clearly harder than national races. Global products must have quality products and attract customer attention. As a result, small and medium-sized enterprises (SMEs) in Indonesia must be able to think to beat the quality of global products or at least can beat the global quality of products.

If they want to survive and thrive in this changing business environment, management must change the way they think and act.

Generally speaking, the four processes that define economic globalization are mobility, convergence, the search for a barrier-free path, and pluralism. All these processes work together, resulting in increased cross-border activity between countries and the use of information technology that enables instant information communication around the world [1].

Generally speaking, economic globalization is characterized by the following four processes: mobility, convergence, search for a way without barriers, and pluralism. The combination of these processes results in increased cross-border activity between States and the use of information technology that enables the communication of information to the world at once.

In terms of mobility, economic globalization accelerates the flow of capital, labour, and ideas. In the past, only capital could flow smoothly all over the world, but now labour and ideas can also flow smoothly. Besides, the concept can now easily cross national boundaries through global media, computers, and telecommunications. High-speed information transfer, also known as "high speed information transfer", enables information communication through computer networks and telecommunications without obstruction by any state government authority. With the advent of information technology like the internet and e-mail, people can share ideas around the world.

## 2. LITERATURE REVIEW

### 2.1 Strategy

#### 2.1.1 Strategy Understanding

According to Andrewa in Alma (2004), a company strategy is a corporate decision pattern that defines and reveals the purpose or objective that produces primary wisdom, as well as details the business range that will be pursued by the company [2].

#### 2.1.2 Strategy Management

In order to create and maintain a competitive advantage, companies carry out fundamental and thorough analysis, decisions, and decision-making processes [3].

#### 2.1.3 Business Strategy

Strategies intended to organizational goals are also related to business strategies. Typically, a business strategy is defined as determining how a company uses its own way of competing in a particular business, as well as how to

position itself compared to its competitors [4].

#### **2.1.4 Strategy Business Unit**

SBU Strategic Business Units consists of one or more divisions, product lines, or just one brand or product type. In principle, SBU strategic business units have the following characteristics according to [11] Have a mission and strategy b) Produce a product or service related to a mission or strategy c) Produces a specific product or services d) Compete with competitors that are clearly known.

#### **2.1.5 Competition Strategy**

Competition can come from other companies in a particular industry, or from other firms that manufacture comparable goods or services. Companies in a specific industry must understand cost structure, price policy, promotion, and other factors that can affect planning and operations [5].

#### **2.1.6 Marketing Strategy**

Marketing is a business that manages relationships with customers to make a profit. It has two kinds of objectives: attracting new customers by giving value advantage and retaining and attracting existing customers by providing satisfaction.

#### **2.1.7 Marketing Mix**

Marketing mix adalah suatu pendekatan untuk menggabungkan berbagai aktivitas marketing untuk mencapai kombinasi atau percampuran terbaik yang mungkin untuk mencapai hasil yang paling memuaskan. Proses marketing mix ini terdiri dari empat elemen, yang disebut sebagai "4 P". [1] meliputi: Product, Price, Place/ Distribution, Promotion.

#### **2.1.8 Pengembangan Produk**

In product development, there are several levels, each with added value. Kotler in [1]: 1. 2. Basic product, here from core benefit is changed to basic product to complement the product to better. 3. Expected product, where consumers have high expectations of the goods that have been purchased. 4. Augmented product, consumers get better things than imagined by consumers, but this augmented product

has obvious weaknesses that can be used as a tool of competition.

#### **2.2 Micro, Small and Medium Enterprises (MSMES)**

In the Act No. 20 of 2008 on Micro, Small and Medium Enterprises: 1. Micro enterprises are productive enterprises belonging to individuals and/or individual enterprises that meet the criteria of Micro Enterprises as laid down in this Act. 2. Small enterprises is independent productive economic enterprises, carried out by individuals or enterprises who are not subsidiaries or non-branches of enterprises owned, controlled, or become either directly or indirectly part of a medium or large enterprise or enterprise that meets the criterion of a small enterprise as prescribed in this Law. 3. Medium enterprise is a productive independent economic enterprise, conducted by an individual or entity that is not a subsidiary of a company or branch of a enterprise owned or controlled by, or becomes a direct or indirekt part of Small or Large enterprise with the amount of net wealth or annual revenues as set forth in the Act. 4. Large Enterprise is the economic product of an enterprise performed by an entity with a greater net income or annual sales income of a foreign enterprise which is owned by a private enterprise in Indonesia and the country.

#### **2.3 Creative Industries**

The development of a creative economy based on creativity that is taking place in Indonesia can attract MSMES entrepreneurs, who have been recognized to have made a real contribution to national income.

#### **2.4 Sales**

Besides production and administration, sales are part of marketing [6]. Since sales are the main source of income for companies, sales is an important component of production and marketing. To avoid losses to the business, the sale of goods and services must be well managed.

#### **2.5 Business Strategy in Increasing Sales**

According to in [4], strategy management consists of actions taken by companies to gain and maintain competitive advantage through analysis, decision-making, and implementation. The right business strategy will help entrepreneurs their goals. How a company can compete in a particular business and position itself compared to its competitors is commonly referred to as a business strategy [7].

### 3. METHODS

The type of descriptive research used in this research is a qualitative approach. The purpose of this descriptive research is to provide a systematic, factual, and accurate picture of the facts, characteristics, and relationships between the phenomena being investigated. Researchers want to know the environmental conditions that affect MSMES in Indonesia, especially in East Java, with samples of as many as 300 MSMES scattered across Eastern Java. Therefore, this descriptive method is used. The author performs the data analysis process as follows [8]:

#### 3.1 SWOT Analysis

Rangkuti argues that SWOT analysis is the systematic identification of various factors for formulating a company's strategy. This analysis is based on logic that can maximize strengths and opportunities, but at the same time minimize weaknesses and threats. (Threats). The process of strategic decision-making is always related to the development of the mission, objectives, strategies and policies of the company. Thus, strategic planning (strategic planner) must analyze the strategic factors (strengths, weaknesses, opportunities and threats) in the current situation. It's called a situation analysis. The most popular model for situation analysis is SWOT Analysis[9].

#### 3.2 External Environment Analysis (Opportunities and Threats)

According to Kotler, a business unit must observe the main macro environmental strengths and significant micro environmental factors, which affect its ability to generate profit. Business units must establish an external marketing intelligence system [10].

## 4. RESULTS AND DISCUSSION

### 4.1 Successful MSMES strategies

MSMES must choose business strategies that match their markets and targets. These strategies can include financial management, marketing, and product development. Small business doesn't come up on its own. Developing MSMES requires appropriate measures and strategies. Business owners must work hard and have perseverance when facing challenges and difficulties. Because many MSMES are standing but their business is not growing, losing, or even closing. For that this article will give you 7 tips to help you develop your MSMES so that you can develop your MSMES.

#### 4.1.1 Survey and Observation of Potential Places

One way to grow your business is by opening branches in areas with high sales rates. Start by doing research on target markets at different locations. You should do a survey and see the place you want to open. Start by determining whether the goods you sell are needed by the place. Questions like how many people are passing through that place, how many are likely to buy your product, how easy logistical access, and the need when you open a branch there should be asked.

#### 4.1.2 Following several exhibitions and festivals

Exhibitions and festivals are the best way to support the existence of your product. This will help more people to know your products. One of the fairly inexpensive marketing strategies is the exhibition and festival, which can provide

more benefits, such as getting to know new vendors, learning about your business competitors, and getting loyal prospective customers. Choose an exhibition or festival that matches your product. For example, if your business is fashion, you should follow an exhibit with a fashion theme; otherwise, if you're a culinary or special food business, you'll have to follow a show with a traditional food theme.

#### **4.1.3 Building Relationships Between Entrepreneurs**

Running a business is not only trading alone but also building new relationships. Finding a trusted vendor becomes easier with a larger number of relationships. Moreover, the more relationships you have will increase your business opportunities. It'll be easier to get information about the business you're doing if you join several communities that have the same business.

#### **4.1.4 Improve Quality of Service**

The most important part of growing a business. When receiving criticism and advice from customers, can correct an unpleasant experience. It can improve the quality of service. However, we can't meet all the demands. Criticism and advice must be carefully examined to determine which helps the business and which does not. Be careful with the criticism that often comes up to customers because that's what makes most customers uncomfortable. Choose then a recommendation given by a loyal customer, because that's what will probably make it different from your competitors.

#### **4.1.5 Following Technological Developments in Business**

In the modern era, it is very unfortunate if you belong to a group of people who are somewhat lagging behind in terms of technology. Because it can help business growth in terms of administration, financial transactions, communication, and sales. To stay up-to-date, often open business technology articles.

Using technology for business purposes like communicating with customers through video calling apps, sending photos and videos of products, and more. Because today's market demands fast, accurate, and reliable, all of this can affect your business. Factors that can complement and support your business are information speed, fast response, structured management, and Standard Operations Procedures (SOP). You'll have an advantage if you know how to use technology in this business.

#### **4.1.6 Social Media to Marketing Products**

Every entrepreneur must want to increase the sales of their company. Marketing is one effective way. Someone just needs to unlock their phones to access information in today's digital age. They mostly use it to access social media, so digital marketing is necessary to introduce your product to prospective customers. The more often they open up social networks, the more people see your product. Take advantage of this opportunity to do digital marketing using social media such as Facebook, Instagram, Line, WhatsApp, and BBM. Use Some E-commerce to Sell Products In the digital age, people prefer shopping through the Internet, or online shopping. This is due to the fact that online shopping can be done anytime and anywhere, and customers do not have to go to stores or malls to get the goods they want. One way people can shop online is by accessing e-commerce.

#### **4.1.7 ERP system to set up accounting and inventory**

Running a business isn't just shopping. It is important to always be aware of the administrative processes and financial conditions of your company. Therefore, recording and calculation is required for each transaction. It's definitely easy when sales can only be counted with fingers. But when your product sells sweet and a lot of sales within a month, this is definitely going to be a pretty difficult problem.

Therefore, you need an ERP system with features that help in accounting and inventory management. You can see how your turnover evolved from month to month and from year to year. You can also view a loss profit report to find out if your expenditure is greater than your financial inputs. You can see the amount of items you have in your inventory. You can also see which items are less in demand and which ones are sweetest, so you can keep the amount available.

#### 4.2 *Secrets to Small Business Success*

Micro, Small and Medium Enterprises (SMEs) players are increasingly aware of the importance of working together to success in this growing world. The inspiring business of MSMES grows thanks to strategic partnerships. Let's think about these inspiring stories, which may also arouse the spirit and innovation of the MSMES Link Friends.

- Collaborations that bring success to the Link MSMES must agree that success is not something that can be achieved alone. MSMES who succeed in entering a competitive market usually have stories about collaborations that are planned and mutually beneficial. It's a story about how personal strength and teamwork lead people to success.
- MSMES Success Stories Every success of MSMES depends on the struggle and hard work that inspires. Through collaboration with local spare parts suppliers, a small automotive workshop can exceed its capacity and form a strong supply chain. It's very similar to the story of a local clothing store working with local designers to create unique and customer-loved items.
- Growth Through Strategic Partnerships Often, small and medium-sized (SMEs) do not have sufficient resources to thrive. Therefore, strategic partnerships are

a good choice. MSMES can leverage capital, technology, and market knowledge by working together. Link MSMEs friends will find that collaboration can open up opportunities that have never been seen before.

- Innovation and Business Opportunities Innovation can also be achieved through collaboration. Small and medium-sized enterprises (SMEs) working with technology startups often gain access to innovative solutions that can improve their business efficiency and competitiveness in this digital age. One example is collaboration with an e-commerce platform that allows MSMES to sell their goods online, reaching wider customers.
- The success story of small and medium-sized enterprises (SMEs) achieved through strategic partnerships shows that collaboration is the key to business success. Hopefully the friends of Link MSMES get new inspiration and insight into the potential that can be achieved through strong collaboration. Remember that courageous collaboration to mutual success is the first step towards success.

In order to the goals and objectives of the MSMES empowerment policy as outlined above, macro and micro strategies are required to implement MSMES enabling programmes in a macro- and micro-order. The objective of this programme is to facilitate the maintenance of an economically efficient, competitive and non-discriminatory business environment for the survival and performance improvement of small and medium-sized enterprises. b. Development of a business support system for MSMES. The programme aims to facilitate, streamline, and expand access of SMEs to productive resources in order to be able to take advantage of the open

opportunities and potential of local resources and adjust the scale of its efforts according to the demands of efficiency. c. Development of entrepreneurship and competitive advantages of MSMES. The programme is aimed at developing the spirit and spirit of enterprise and improving the competitiveness of SMEs, so that the knowledge and attitude of the entrepreneur is growing and productivity is increased. d. Empowering small-scale enterprises. The programme is aimed at increasing the income of people engaged in economic enterprise activities in the informal sector of the scale of micro enterprise, especially those still in the status of poor families in order to obtain a fixed income, through efforts to increase the capacity of enterprises, thus becoming a more independent enterprise unit. e. Quality improvement. The program aims to improve the quality of the institutions and organizations of cooperatives so that the cooperatives can grow and thrive in a healthy way. In the face of increasingly open and competitive market mechanisms, market domination is a prerequisite for improving MSMES competitiveness.

#### **4.3 Inspiration for Small Entrepreneurs**

Knowledge, skills, and abilities (KSA) are essential to creating effective teamwork [14]. Teamwork is also an aspect of organizational culture [11]. Performance can be influenced by the culture of the organization, which in turn can affect the competitiveness of the company. To cope with growing competition, the study produced a SME development model that focuses on human resource analysis [12]. This analysis is used to predict improved business performance and SME competitive advantage.

Creative entrepreneurs are considered to play an important role in driving economic growth [13]. The theory of achievement (McClelland), power and self-discipline (mccclelland and Burnham, 1976), locus and control (Rotter,

1966), desire for autonomy (Buttner and Moor, 1997), independence (Aldridge, 1997, impulses (Shane, Locke, and Collins, 2003), passion (shane et al., 2003), and environmental characteristics influencing corporate formation (aldrick, 2000), and characteristics of entrepreneurial opportunity (Shane et al., 2003). According to Yushuai, Na, and Changping (2014), the psychological aspects of the entrepreneurship process are mainly influenced by entrepreneurial motivation without any connection between the two [13].

According to Moorhead and Griffin, motivation is the force that drives others to act in accordance with the interests of the organization [15]. Entrepreneurs must be willing to do work with a high-performance motivation in running their business to a special level of competitiveness that has a competitive position against strong competition to optimal performance of their company [16]. Successful entrepreneurs have the following qualities: innovative and creative, looking for opportunities, taking advantage of differences to add value, and open to criticism and advice. However, entrepreneurs seldom develop their business until they can personally manage everything on their own; and business growth is hindered by a lack of management skills, which in turn leads to failure [17].

## **5. CONCLUSION**

In this study, various important factors that lead to MSMES business success have been identified. Strategies such as effective marketing, smart financial management, product innovation, superior customer service, and involvement in the local business community emerged as key factors that can help MSMES and maintain their success. By understanding the secrets of success that have been revealed, MSMES owners and prospective entrepreneurs can draw inspiration from these findings to improve their business performance. They



can also build a strong foundation for long-term growth and develop more efficient strategies.

The research also emphasizes that involvement in the local business community is crucial. Building positive relationships and

working with stakeholders can help customer support and local business growth as a whole. Therefore, this research provides valuable insight into the components that shape MSMES success and can be a practical guide for small business players as they develop strategies to success.

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