

Small and Medium Enterprises (SMEs) Development Strategy on Tourist Attractions in the City of Manado

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Abstract: This research provides an appropriate development patterns therefore Small Medium Enterprises (SMEs) be able to maximize its respective competitive advantage, how internal and external components of business development on tourist attractions Malalayang Beach Walk city of Manado, the entrepreneur SMEs has not yet understood how to develop the business, this research also assist SMEs in determining the direction of the business development. This research uses qualitative methods to know the exposure related internal and external factors that affect the development of SMEs together with SWOT analysis to reveal alternatives. Business development strategies of SMEs strategy to innovate products, including product development variants and alternative products of different product choices, preserving the quality of products to maintain good image and business name for the sake of business coherence, improve means and prices of development of SMEs, focusing on marketing products and production processes that are more technological. The development of SMEs requires an effective strategy and a structured development pattern. It requires a creative and strategic approach to maximize economic potential and attract tourist interest. With this approach, SMEs can increase business attractiveness and sustainability as well as make a significant contribution to a richer and more diverse tourist experience at Malalayang Beach Walk.

Keywords: Strategies, Small & Medium Enterprises, Entrepreneur, SWOT Analysis.

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INTRODUCTION

The Indonesian people today are familiar with the term micro and medium-sized enterprises, or SME's. Due to the great contribution of SMEs to the state, especially in the economic and social sphere, SMEs is one of the development priorities in each country. In addition to boosting the country's economic growth, SMEs also play a major role in the absorption of the workforce of the informal sector and the destruction of public income, especially in the region. Therefore, central and regional governments have developed and implemented various policies and programs to support the empowerment of SMEs and sustainable growth. The purpose of this policy and program is to protect and develop SMEs through the creation of a business environment (Tambunan, 2011). The government is very attentive to the growth of SMEs to survive the global crisis. From an economic perspective, the tourism industry is a long chain consisting of travel agencies, transportation, hospitality, restaurants, driving activities, folk arts, maintenance of tourist attractions, SMEs and more (Cong & Thu, 2020). The development of the tourist industry will require agriculture, farming, fishing and building materials, as well as a large amount of labor to support the operation of the business chain. The Ministry of State Cooperation and Small Medium

Enterprises continues to carry out various programs to encourage more people to become entrepreneurs by establishing SMEs. Indonesia needs appropriate strategic measures to pay attention to the huge SMEs, the level of government concern for SMEs that is demonstrated by the program designed to drive the growth of SMEs in Indonesia. However, despite the government's strong support for SMEs to succeed and thrive, there are still obstacles.

The present time, small and medium-sized enterprises (SME's) in North Sulawesi, including in Manado City still face challenges in their business development, especially in the development of sustainable direction for the long term. One of the challenges faced is the lack of knowledge and skills needed to develop business effectively and sustainably. The SMEs offender at the Malalayang Beach Walk tourist attraction had difficulty developing his business further because did not have a business mentor. Furthermore, in the case of product innovation, SMEs actors have not understood how to provide different products from others, because they do not have the same difference or selling value with other products that are available, this affects low product sales. The last one lies on the problem of not knowing how to boost the existing business. SMEs actors concentrate only on product manufacturing, without considering how to expand the business.

As a result, SMEs entrepreneurs face difficulties in improving the quality of their operations, business does not grow, and profits do not increase. (Junita et al, 2023). Therefore, through this research will be discussed on both internal and external factors that can be used as a basis in the development of the concept of SMEs. The research is aimed at preparing strategies and patterns in the development of SMEs that exist at the tourist attraction Malalayang Beach Walk city of Manado.

LITERATURE REVIEW

Strategic Planning

Strategic planning is the process by which an organization determines a strategy or direction, and decides how to allocate its resources, including capital and human resources, to the goals of the organization. Strategic planning is a management tool used to manage current conditions by making projections of future conditions, so a strategic plan is a clue that an organization can use to achieve a goal (Kerzner, 2014). Strategic planning is used by the organization as a whole and is made by a higher hierarchy. It relates to the goals to be achieved in the long term, as well as the strategies to be used to them (Chen et al, 2016). Strategic planning covers various stages of company innovation and transformation, so failure occurs when strategic planning does not support innovation and change. Executive leaders or top leaders plan the future of the organization and set goals by considering internal and external circumstances (Reviandani, 2019).

SWOT Analysis Strategies

SWOT is an analysis of strengths, weaknesses, opportunities, and threats (Gürel & Tat, 2017). Strengths and weaknesses are examined to determine opportunities and threats today and in the future. As you better understand your strengths and weaknesses, fewer opportunities are missed. Both opportunities and weaknesses can be overcome with the strengths of the company. Rangkuty (2015) says that SWOT analysis is a tool used to find various factors that form systematically when making marketing strategies. This method of analysis is based on the logic that can maximize strengths and opportunities while minimizing weaknesses and threats. SWOT is the abbreviation of internal strengths and weaknesses as well as external opportunities and threats. The goal of SWOT analysis is to direct strategy analysis by focusing on strengths, weaknesses, opportunities, and threats, which are essential elements for strategy success. Therefore, it is necessary to identify the opportunities and threats faced as well as the strengths and vulnerabilities of a strategy through the evaluation of its environment. As a result, the purpose of SWOT analysis is to validate the internal and external components that have been analyzed.

Entrepreneurship

A person who habitually creates and innovates to build something of recognized value around perceived opportunities" is the definition of an entrepreneur given by Bolton and Thompson (2000). According to Frinces (2011), an entrepreneur is a person who has the innate ability to run a firm, takes calculated risks, is willing to invest money even when it means losing it, and adjusts advance society. This viewpoint suggests that entrepreneurship is seen as a creative and inventive activity that seeks out chances for success. When someone possesses the inclination to do business and the know-how to launch a new venture, they are considered

entrepreneurially ready. An individual's interest in the business world is the first step toward becoming entrepreneurially ready, after which they take steps to get everything ready for the business world. Sufficient knowledge about the item of interest affects the interest. Knowledge of a company's success helps one to see that entrepreneurs have bright futures. Furthermore, attitudes have an impact on when something becomes interesting. Being a high-ranking entrepreneur with dignity inspires the community to learn more about business. According to Littunen (2000), entrepreneurs share two traits: they are creative and have the guts to take chances. Alma (2000) lists seven qualities, including self-assurance, goal-orientedness, willingness to take chances, leadership spirit, originality in ideas, future-focus, and inventiveness in task execution.

Small Medium Enterprises (SMEs)

The definition of small and medium-sized micro enterprises refers to the Law of the Republic of Indonesia No. 20 Year 2008 Chapter I Article 1 is as follows:

1. Micro enterprises are productive enterprises belonging to individuals and / or individual enterprise entities that meet the criteria of micro enterprise as regulated in this law.
2. Small enterprises are independent productive economic enterprises carried out by individuals or enterprises that are not subsidiaries or branches of enterprises owned, controlled, or are either directly or indirectly part of medium-sized enterprises or large enterprises meeting the criteria of small enterprises as referred to in this Act.
3. A medium-sized enterprise is an independent productive economic enterprise carried out by an individual or business entity that is not a subsidiary or branch of a company owned, controlled, or becoming a direct or indirect part of a small enterprise or large enterprise with the amount of net wealth or annual sales income as regulated in this Act.
4. Large enterprises are micro enterprises, small enterprises and large enterprises that carry out economic activities in Indonesia and are domiciled in Indonesia.

One of the leading driving forces and economic development is small and medium-sized enterprises. The SMEs sector is vital for growth and job creation because SMEs are flexible and can easily adapt to changes in market demand. Compared to other industries, they create jobs faster, and they are quite diversified and make a big contribution to trade and exports. Therefore, SMEs are an important component of competitive economic development. (Hapsari, 2014).

RESEARCH METHODOLOGY

The study uses descriptive analysis. According to Firman (2014), descriptive analysis is an attempt to find and reveal important information in more concise and simple data. In the end, this leads to explanation and interpretation needed. After an analysis of the internal and external environment is obtained, the Delphi method is used to gather several internal and foreign variables to make a discussion of internal and outside factors as well as strengths, weaknesses, opportunities, and threats. The analysis of the external environment of the tourist attraction is then inserted into the Internal Factor Evaluation Matrix (IFE) and the analysis of external environments of the destination is incorporated into the internal factor evaluation matrix. (IFE).

The objects of investigation used in this study are SMEs perpetrators who are subject to tourism Malalayang Beach Walk, where internal and external factors of each SMEs are used as benchmarks in determining the direction of future SMEs development to give maximum results, so that subsequently can be formulated strategies that match patterns and directions of development. The data collection method is purposive sampling, which means selecting a specific sample as a respondent. There are 10 informants who come from various elements that contribute to the development of SMEs such as government, public figures, entrepreneurs, visitors and SMEs perpetrators. The interviews that will be used in this research will be adapted to the needs in the collection of information related to the process and development of SMEs on the tourist attraction Malalayang Beach Walk.

RESULT & DISCUSSION

Strengths, Weaknesses, Opportunities, and Threats Analysis (SWOT) is an analytical tool used to define a business strategy. By considering internal and external factors, the SWOT matrix can help in developing four strategies. Strengths-Opportunity (SO), Weakness-Opportunity (WO), Strengths-Threats (ST), and Weakness-Threat (WT) are four different strategy categories. (Yusuf, Saiyed & Sahala 2022). Analysis of internal and external factors gathers data to determine the position of SMEs development at Malayang Beachwalk tourist attractions. Internal factor analysis is done to find out the strengths that can be exploited and weaknesses that must be overcome in the effort to develop SMEs. External factors analysis is carried out to know the opportunities and threats that exist and to know how effective the strategy has been implemented. To combine four types of strategy, the SWOT matrix is an important tool. (Wulandari, 2022).

Table 1 Internal Factors Analysis (IFE) Matrix

INTERNAL FACTORS	
STRENGTHS	WEAKNESS
1. Product quality	1. Small market network
2. Measured market segments	2. A few knowledges of the workforce
3. Market pricing	3. Manual production process
4. Local workforce available	4. Online promotion isn't optimal
5. Product following consumer wishes	5. Inadequate willing to compete
6. Product doesn't use food preservatives	6. Availability of capital
	7. Availability of raw materials

Table 2 External Factors Evaluation (EFE) Matrix

EXTERNAL FACTORS	
OPPORTUNITY	THREAT
1. Purchase power of the society is improving	1. Price fluctuations
2. Changing lifestyle of society	2. Competitors of SMEs
3. Development of science & technology	3. Newcomers
4. Cooperation with working partners	4. Imported products
	5. Government policy

1. Product Innovation Strategy

One alternative development strategy is to develop a processed product. By taking advantage of opportunities, this strategy is a S-O strategy. Innovation in food products in this case of bread and cakes is vital for product development and market preservation. Innovation can occur not only on the different shapes or flavors of products made, but also on the raw materials and packaging used. To develop new products and anticipate uncertain price fluctuations, raw materials can be modified. Moreover, the utilization of waste from raw materials used can lead to new products and innovation in the form of non-food products. According to Pramesti & Adhariani (2023), this strategy aims to maintain the survival of enterprises because the products made by SMEs are vulnerable to needs, consumer appetites, technology, short product life cycles, and increased competition, especially with imported products. With increased purchasing power and changes in society's lifestyle, SMEs must meet the needs and desires of customers to satisfy them.

Table 3 SWOT Matrix

Internal		Strengths (S)	Weakness (W)
External		1. Product quality	1. Small market network
		2. Measured market segments	2. A few knowledges of the workforce
		3. Market pricing	3. Manual production process
		4. Local workforce available	4. Online promotion isn't optimal
		5. Product following consumer wishes	5. Inadequate willing to compete
		6. Product doesn't use food preservatives	6. Availability of capital
			7. Availability of raw materials
		S-O Strategy	W-O Strategy
1. Purchase power of the society is improving		1. Product innovation implementation	1. Optimize government fund assistance
2. Changing lifestyle of society		2. Distribute and maintain product quality	2. Improve and expand the marketing system
3. Development of science & technology		3. Working with partners to expand the market	3. Developing production technology
4. Cooperation with working partners			
Threat (T)		S-T Strategy	W-T Strategy
1. Price fluctuations		1. Improve product competitiveness	1. Improve the infrastructure of SMEs development
2. Competitors of SMEs		2. Restricting the distribution of product outside the region	2. Increase the promotion highlight the characteristics of the product
3. Newcomers in the industry			
4. Imported products			
5. Government policy			

2. Maintaining Product Quality

Maintaining product quality is a second strategy priority, which is also a S-O strategy that uses power to take advantage of opportunities. Development must always pay attention to the quality of the products used and produced, as the input quality used in the production process will affect the output produced. Maintaining the quality of products is an attempt to maintain the good image of the company to ensure that customers will not leave such products. One way to ensure that raw materials and products are of high quality is to run the production process in accordance with standard operating procedures (SOP), sort the use of raw materials, and perform equipment and machinery maintenance on a regular basis. For SMEs, implementing quality standards that match global market standards will offer several advantages, one of which is to increase customer confidence and satisfaction through systematic and structured quality assurance. In entering the era of free trade, the quality factor becomes a major concern in any production operation. Consumers today are becoming more critical, so they need quality products that match the money they spend. Quality becomes a major opportunity for SMEs in connection with increased purchasing power and changes in people's lifestyles because it relates to the way customers judge and choose the best products. Quality improvement strategy is an attempt to attract the interest and purchasing power of consumers so that it can improve the position of a product compared to other products. To improve product quality, product research and testing, product life cycle observation, Total Quality Management, product features, and product differentiation can be carried out.

3. Improving SMEs Development Facilities

The Third Strategy, which is a W-T strategy, namely by reducing weaknesses and avoiding threats, focuses on improving the facilities and facilities for SMEs. The facilities are essential to support SMEs development. The development of SMEs at Malalayang Beach Walk tourist attractions can be focused on product marketing and production processes. The role of the government is essential to introduce and expand the SMEs product market by providing marketing advice and guidance, such as holding exhibitions, to attract the attention of consumers to identify and buy SMEs products. Investment, in addition to process technology, is also important because capital availability can affect business sustainability. Capital is used to meet raw material availability, pay labor wages, and expand marketing. Financing aid (rolling funds) has been shown to increase sales turnover and business profits significantly but is not able to significantly increase the workforce. Therefore, SMEs are still in great need of financial assistance from the government to continue to support the development of their future business. According to Kurniawan et al, (2021), improving facilities and facilities is an important strategy to support SMEs growth.

CONCLUSION

The development of the SMEs on the tourist attraction Malalayang Beach Walk should be done comprehensively and integrated to maximize the economic and social potential offered by the resort. Developing product innovation is essential to contain the competitiveness and relevance of the ever-changing market.

Understanding markets and consumer needs is vital where research needs to be done to understand trends, consumer preferences and unsatisfied needs. Maintaining product quality requires a comprehensive and structured approach, involving every aspect of the SMEs value chain. Enhancing the facilities of SMEs development requires a holistic approach that includes the development of physical infrastructure, the provision of business support facilities, training and capacity development, network and community development, regulatory and policy support and financing facilities. By implementing this strategy, the SMEs can grow better, increase competitiveness and make a more significant contribution to the economy.

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