

# ENHANCING THE TOURISM MSMES PERFOMANCE BASED ON SOAR ANALYSIS

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**Abstract—**Since its ability to survive in any condition of the economy, and employment, MSMEs has become the strategic sector in the economy. Along with the rapid development of the tourism sector, MSMEs have also emerged that support tourism activities, such as culinary, souvenirs, entertainment and guide services. With great tourism potential, Indonesia's tourism sector has the opportunity to become the fastest growing leading sector in the world. Karanggondang, Limbangan and Lolong (KABALONG), three villages that administratively part of the Karanganyar sub-district in Pekalongan Regency are areas that have various kinds of tourism potential, namely natural, culinary, historical and cultural tourism. The durian and 'Lengkung'/(arc/curve) bridge in Lolong have become an icon in this area. There are many and various MSMEs around it. However, they aren't managed professionally and integrated yet. So, they don't provide benefits to the community optimally. Using the appreciate inquiry (AI) that used in SOAR analysis, this research found that tourism MSMEs in Kabalong area potentially developed. Internally, MSMEs have strength products and human resources and externally supported by government support, natural resources and tourist preferences regarding tourist destinations. Considering the internally and externally supports and some of the aspirations and expected results, this research proposes a long-term policy in enhancing the performance of local tourism MSMEs, The Development of tourism MSMEs that based on local potential, science and technology and strong to improve community welfare Considering internally and externally supported and some of the aspirations and also measurable results, it can be proposed a long-term policy direction to enhance the tourism MSMEs around Kabalong area, Development of the Resilient Tourism MSMEs based on local potential, science, and technology to increase Social welfare. This research notes that the most important thing in enhancing MSMEs is to put the MSMEs as a "subject" of development rather than as an "object". The development of MSMEs

can be started from what MSMEs have, not something they do not have or their limitations

**Keywords—**MSMEs, Tourism, Poverty, development, welfare.

## I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) have a significant role in the Indonesian economy, namely the number of business units included in the MSMEs category reaches more than 62 million or 99.9 percent of the total business units; absorb employment of 116,673,416 people or 97.02 percent; the contribution of MSMEs to GDP is Rp. 5,425,414.7 billion or 57.08 percent at constant prices, and Rp. 7,704,635.9 billion or 60 percent at current prices. However, MSMEs tend to have low competitiveness due to their various limitations. Those various limitations tend to become central in formulating strategies to increase MSMEs competitiveness. It means that the formulation of strategies tends to emphasize their weaknesses and threats rather than explore the positive aspects that can be used to create opportunities.

The increasing activities and tourist destinations have led to the emergence of MSMEs around. However, like MSMEs in general, they still face a number of classic problems of MSMEs such as limited capital, low quality and variety of products, low innovation, and difficulties in accessing financing sources. Their business is managed potluck, aren't professionally yet. Therefore, the business has not provided the optimal benefits, both individually and as a whole. As a supporting system for tourist destinations, MSMEs also have a positive impact on the role of the tourism sector in the economy. The tourism ministry data (2016) shows that the tourism sector has increased growth and contribution to the Gross Domestic Product (GDP). It contributes to GDP of 4.23% or Rp. 461.36 trillion, generates a foreign exchange of US \$ 11.9 billion and absorbs employments as much as 12.16 million people. With many and varied potentials of tourism, Indonesia's tourism sector has an opportunity to become the fastest-growing sector in the world as determined as national development priority program 2015-2019 by 'Cabinet Kerja' in the President's 'Nawa Cita'.

Pekalongan Regency is a region in central Java that has varied tourism objects and destinations. Among of them are tourism objects and destination in the area of Karanggondang, Limongan and Lolong (Kabalong) villages, Karanganyar. Kabalong area that is directed to be a natural tourism area has various tourism potential, namely natural tourism, culinary, historical and cultural. This area has been designated as a tourism development area in the Spatial and Regional Plan of Pekalongan Regency in 2011-2030. Because of the attractiveness and its main strengths are the beauty of the natural landscape and coolness of the atmosphere, the river that deep and heavy enough for rafting, durian forests and other fruits; then the type of tourism that will be developed in this area is ecotourism. The object of tourism that develops is based on natural resources, and utilizing natural potential to increase people's welfare while maintaining the environment. Development of tourism in Kabalong area is also supported by other potential such as culinary tourism, history, and culture. Durian festival event and 'Jembatan Lengkung' (arc/curved bridge), which is a heritage of Dutch history have even become tourism icons in Pekalongan Regency. however, there are still many MSMEs that aren't managed professionally yet and ignoring environmental sustainability. Therefore, there must be strategies to enhance those tourism MSMEs. This research aims to formulate some alternative strategies to promote tourism MSMEs.

## II. LITERATURE REVIEW

**The Role of MSMEs.** MSMEs are business groups with some criterion such as revenue, assets and the number of workers. They have known as businesses that are able to survive in a crisis, absorb a lot of employment, and contribute more than 50% to the national economy (GDP). MSMEs are grouped into four, (1) livelihood activities, (2) Micro Enterprise, namely craftsmen who do not have entrepreneurial properties, (3) small dynamic enterprises, namely MSME that already has entrepreneurial spirit and is able to accept sub-contracts and export jobs), and (4) fast moving enterprise, namely MSMEs that are transforming into large businesses (Law No. 20 of 2008). Meanwhile, what is meant by the tourism MSMEs is groups of MSMEs that support tourism activities and its development. Because of the nature of MSMEs that are resistant to an economic shock, as well as the presence of large potential tourism in Indonesia, then the tourism MSMEs be reliable in facing global competition, reducing poverty and unemployment as well. Recognizing how MSMEs have a strategic role in the economy, one of the development missions of Pekalongan Regency is empowering the community and all of the regional economic forces, especially micro, small, and medium enterprises, by developing a populist economic system that relies on fair market mechanisms and based on productive natural and human resources, be autonomous, competitive,

environmentally sound and sustainable'(Pekalongan Regional Regulation No. 9 of 2010, Pekalongan Regional Regulation No. 2 of 2011). To empower the community and accelerate the growth of the economy, MSMEs can be driven to support the growing tourism sector (Novitasari, 2017; Dias, 2009, Hijriati, Emma and Rinna M, 2014, Merynda 2015, Nasir, Hijrah, 2017).

**The Role of Tourism Sector.** Tourism is a phenomenon that includes social, cultural and economic aspects which are related to the movement of a person or group of people who are then referred to as tourists. The development of tourism can be seen from the demand and supply side. In terms of demand, tourism is related to the fulfillment of tourist needs in obtaining goods and services. In term of supply, tourism is a productive economic activity that serves the needs of tourists. In macroeconomics, the increasing role of the tourism sector is reflected in the six main targets of the Ministry of Tourism's tourism development (Strategic Plan 2015-2019, Government Regulation number 50, 2011), namely (1) tourism contribution to Gross Domestic Income (GDP) increases from 9 percent in 2014 to 15 percent in 2019, (2) foreign exchange increases from Rp 140 trillion in 2014 to Rp 280 trillion in 2019, (3) the employment increases from 11 million in 2014 to 13 million in 2019, (4) index tourism competitiveness increases from rank of 70 in 2014 to 30 in 2019, (5) the number of foreign tourist arrivals increased from 9.4 million in 2014 to 20 million in 2019, and (6) the number of tourist trips increase from 250 million in 2014 to 275 million in 2019.

**Sustainable Tourism.** The sustainable tourism emphasizes the implementation of responsible tourism that meets the needs and aspirations of people now, without compromising the fulfillment of human needs and aspirations in the future by applying economically feasible principles, environmentally viable, socially acceptable, and technologically appropriate, (Ismayanti, 2016). These four perspectives can be used to describe eco-tourism. So, it can be stated that eco-tourism is a form of tourism that explores local resources and provides benefits to the community economically and non-economically without abandoning efforts to maintain the sustainability and management of resources both environment, culture, and society. The Development of an integrated tourism sector is so important. Therefore, it is necessary to provide a roadmap on the development of tourism in accordance with the direction of general regional development policies (Joelyartini, Siti Tri, 2016). The need for availability of the roadmap is also because the development of the tourism sector is proven to support regional economic independence (Haryanto, Joko T, 2014, Hapsari, Pradnya Paramita, et al. (2014), Puspitaningrum, Merynda (2015).

### III. METHODS

The purpose of this research is to formulate an alternative strategy to promote tourism MSMEs in Kabalang. This research was conducted in the natural tourist area of Kabalang (Karanggondang, Limbangan, Lolong), Karanganyar Regency, Pekalongan Regency. The object of this research includes various factors that influence the business activities of MSMEs, both internal and external factors as well as ideas for developing MSMEs. The internal factors studied emphasize the strength of MSMEs, namely internal factors that support the achievement of MSME goals. Meanwhile, the external factors studied emphasize factors that enabling for MSMEs to develop. This research uses primary data that was obtained by interview and focus group discussions (FGD). Interviews were conducted to the head of the department of tourism, the tourism area managers and representatives of MSMEs. FGD with a meta-plan approach was followed by 32 people representing several elements of stakeholders such as MSMEs, Managers, Government, academicians and local officials.

The data were analyzed using a qualitative approach, Strength, Opportunity, Aspiration, and Result (SOAR). According to Stavros, Cooperrider, and Kelly, the concepts of SOAR is an alternative to SWOT analysis. This approach originates from the Appreciative Inquiry (AI) approach which focuses more on identifying and developing strengths and opportunities rather than on problems, weaknesses, and threats. The SOAR approach has several advantages compared to traditional models. It allows organizational members to create their own future by conducting investigation, imagination, innovation, and inspiration. SOAR's internal focus is the strength of the organization. However, it also uses an external analysis like analysis of suppliers and customers. Other advantages of SOAR in strategic planning is that many stakeholders are involved, based on the integrity of its members.

### IV. RESULTS AND DISCUSSION

#### A. *The Kabalang at Glance*

Kabalang is an acronym of three villages which are administratively included in the Karanganyar sub-district of Pekalongan Regency, namely Karanggondang, Limbangan, and Lolong. The total area of these three villages is 1653231 Ha. Kabalang is well-known as a tourist area but has not been optimally managed. It offers various types of tourism, especially in the village of Lolong has a lot of tourism potential such as culinary tourism (durian Lolong) which is a tourist icon of Kabalang, historical tourism which is a heritage of Dutch history during the colonial era, water tourism (Sengkarang river) that decorated by the natural beauty around them, namely durian plantations, rice fields, large stones that are quite stunning and suitable for taking pictures, rafting through the river up

to 5 km long. The population of the three villages reached 5,911 people. There are many economic facilities in the form of stalls/kiosks/ shops, 42 units in Karanggondang, 31 in Limbangan and 49 in Lolong.

#### B. *SOAR analysis of Kabalang's Tourism MSMEs*

Like business activities in general, MSMEs business activities are also influenced by internal and external factors. Both internal and external factors consist of factors that support business activities and inhibit. SWOT analysis is commonly used to analyze various supporting and inhibiting factors. Unlike the SWOT analysis, SOAR analysis uses the appreciative inquiry (AI) approach so that companies focus more on positive things that can be developed rather than internal weaknesses or perceived threats that might not eventuate. On internal factors focused on strength and external factors focused on opportunities for MSMEs to grow and develop. The output of a SOAR analysis is a set of actions that use strengths and opportunities to attempt for shared aspirations with measurable results.

#### C. *Strength*

Strength is a positive part of the internal factors of MSMEs, whereby MSMEs internal factors include conditions managerial aspects of MSMEs, such as the production; human Resources; finance and marketing. Production aspects include production capacity, quality, and availability of raw materials, quality of production, and use of technology. The conditions of the production aspect that are supportive or constitute the strength of MSMEs include goods produced by MSMEs that tend to be based on the potential of the local area so that it is easy to obtain raw materials. Durian as the main product of agricultural MSMEs has been famous for its delicious taste. As already known, Pekalongan Regency is the only Regency in Central Java that has durian forests. Still, regarding aspects of production, the results of the discussion group focus also identified the presence of various products around the Kabalang tourist area, such as coffee, palm sugar, rambutans, banana and wedang juruh (a unique Central Javanese drink with coconut milk and palm sugar). MSMEs also have strength in aspects of human resources. Although it still has some weaknesses, basically the MSMEs around the Kabalang tourism area have a strong motivation to become entrepreneurs and have the basics knowledge of business management because they have received several pieces of training held by Pekalongan Regency Cooperative and MSMEs agency.

#### D. *Opportunity*

Opportunity refers to external factors that MSMEs could be used to achieve goals, such as increasing profits, turnover, and assets. Regarding opportunities, FGD participants consisting of MSMEs, government, regional managers and local community leaders remained optimistic about market conditions. They consider that the market is increasingly open and gives opportunities for MSMEs to grow. Specifically, there are things that become opportunities for MSMEs around

the Kabalong to grow, namely (1) the development of the Kabalong as an eco-tourism area in accordance with the spatial and territory planning of Pekalongan Regency, (2) natural condition with cool atmosphere, (3) beautiful landscape, (4) easily accessible, (5) there are many beautiful/instagramable photo spots, (6) the shifting of people's lifestyles in choosing the destination of recreation (tend to nature tourism), the number of traditional arts / local culture around the area, increased purchasing power / community income and there is vocational high school that has developed a product with the main ingredient durian rind (regional featured products)

#### *E. Aspiration*

Aspiration is the phase of innovation. Participants in the discussion are invited to design goals, both short-term and long-term goals, develop functional plans, and programs to achieve the expected goals by using the strengths and opportunities that exist. That is, all participant of discussion are brought into the phase of imagination, using the time to 'dream' and design the expected future by considering the strength and the opportunities. The strategic alternatives and recommendations are developed in this phase. There are several alternative strategies to enhance MSMEs in tourism, among others are (1) forming clusters, (2) forming cooperatives that cope MSMEs, (3) providing intensive assistance after training, (4) forming joint business groups, (5) designing 'something' that becomes identity, which distinguishes Kabalong against other similar tourism areas, (6) designing tour packages involving all villages (Karanggondang, Limbangan and Lolong), empowering a group of business for increasing family income (UP2K), (7) designing the Kabalong area as an integrated area such as Technopark for tourism, (8) optimizing tourism area management by BUMDES (village-owned enterprises), (9) developing e-commerce and many others. However, the main thing is "increasing the capacity and entrepreneurial capability" of MSMEs actors themselves.

#### *F. Result*

The results are tangible outcomes and measures that demonstrate the achievement of the goals and aspirations. There are some results expected by participants of discussion, those are (1) having an icon so that it is easier to recognize Kabalong, (2) there are product specialties of MSMEs that involved in tourism development, (3) an increasing the number of tourists so that the profits of MSMEs also increase, (4) an increasing the number of absorbed labor, (5) Kabalong becomes a tourist area that is different from other or unique, and (6) an increasing of MSMEs assets.

**TABLE 1. SOAR MATRIX OF TOURISM MSMES IN KABALONG, PEKALONGAN REGENCY.**

Strengths	Opportunities
<ol style="list-style-type: none"> <li>1. The Production is based on local potential (easy to obtain raw materials),</li> <li>2. Durian as the main product of agricultural MSMEs has been famous for its delicious taste</li> <li>3. Pekalongan Regency is the only Regency in Central Java that has durian forests</li> <li>4. There are various products around the Kabalong,</li> <li>5. Having a strong motivation to become entrepreneurs</li> <li>6. Having the basics knowledge of business management</li> </ol>	<ol style="list-style-type: none"> <li>1. The development of the Kabalong as an eco-tourism area in accordance with the spatial and territory planning of Pekalongan Regency,</li> <li>2. The natural condition with a cool atmosphere,</li> <li>3. Beautiful landscape,</li> <li>4. Easily accessible,</li> <li>5. Many beautiful/instagramable photo spots,</li> <li>6. The shifting of people's preference in choosing the destination of recreation</li> <li>7. The number of local culture around the area,</li> <li>8. The increased purchasing power/income per capita</li> <li>9. There is a vocational high school that has developed products with durian leather ingredients (regional featured products)</li> </ol>
Aspiration	Results
<ol style="list-style-type: none"> <li>1. Developing clusters,</li> <li>2. Developing cooperatives that cope MSMEs,</li> <li>3. Providing intensive assistance after training,</li> <li>4. Forming joint business groups,</li> <li>5. Designing something" that becomes an identity,</li> <li>6. Designing tour packages</li> <li>7. Empowering a group of business for increasing family income (UP2K),</li> <li>8. Designing Kabalong as an integrated area such as Technopark for tourism,</li> <li>9. Optimizing tourism area management by BUMDES (village-owned enterprises), developing e-commerce</li> <li>10. Increasing synergy among villages</li> </ol>	<ol style="list-style-type: none"> <li>1. Having an icon so that it is easier to recognize Kabalong,</li> <li>2. There are product specialties</li> <li>3. An increasing the number of tourists so that the profits of MSMEs also increase,</li> <li>4. An increasing the number of absorbed labor,</li> <li>5. Kabalong becomes a tourist area that unique,</li> <li>6. An increasing of MSMEs assets.</li> </ol>

(Source: Primary data, processed in 2019)

The SOAR of the tourism MSMEs presented in table 1 shows that they are potentially developed. Internally, MSMEs have strength in products and human resources and externally supported by government support, natural resources and tourist preferences regarding tourist destinations. Considering internally and externally supported and some of the aspirations and also measurable results, it can be proposed a long-term policy direction to enhance the tourism MSMEs around Kabalong area, 'Development of the Resilient Tourism MSMEs based on local potential, science, and technology to increase Social welfare' In accordance with long-term policy direction proposed, then can be derived some of the strategies as follows:

1. Human resources Dimensions: Increasing the human resource capacity of MSMEs actors and art workers in the area. The quality of human resources can be improved through intensively training and assisting as well as establishing a regular communication forum among MSMEs to increase knowledge about business development. Assisting needs to be done for a long time, not abandoned after the training program ends (organizing a continuous workshop).
2. Production Dimension: Mapping various types of products produced by MSMEs in order to be classified according to the similarity of character for the purpose of specialization. Determining featured product that based on the criteria of uniqueness, social involvement (including the number of entrepreneurs and employment), raw materials (including availability, origin, and access to raw materials), competitiveness position (covering production capacity, relative prices, potential market, and sustainability)
3. Marketing Dimensions: Improving specifications technical, quality and packaging as well as promotion, and developing the discussion groups concern with the using of information technology for business.
4. Institutional dimension: Strengthening the capacity and capabilities of MSMEs institutions that support tourism development in the Kabalong area.
5. Others: Increasing the coordination among related Regional Apparatus Organizations, both provincial and regencies, improving the development programmes of MSMEs and/or institutions/cooperatives that cope MSMEs and facilitating innovations and marketing processes.

This research also notes that the most important thing in formulating the strategies to enhance MSMEs is the change of the mindset regarding the development of MSMEs. The mindset of enhancing MSMEs must put the MSMEs as the subject of development rather than as an object. The development of MSMEs can be started from what MSMEs have, not something they do not have or their limitations.

## V. CONCLUSION

The tourism MSMEs in Kabalong is potentially developed because it has many positive things as capital. The SOAR analysis of the tourism MSMEs in Kabalong shows that internally, they have strength in products and human resources, and externally supported by government support, natural resources and tourist preferences regarding tourist destinations. Considering internally and externally supported and some of the aspirations and also measurable results, it can be proposed a long-term policy direction to enhance the

tourism MSMEs around Kabalong area, "Development of the Resilient Tourism MSMEs based on local potential, science, and technology to increase Social welfare. This research also notes that the most important thing in formulating the strategies to enhance MSMEs is the change of the mindset regarding the development of MSMEs. The mindset of enhancing MSMEs must put the MSMEs as the subject of development rather than as an object. The development of MSMEs can be started from what MSMEs have, not something they do not have or their limitations. In addition, in order to get optimal benefits to the community as a whole, it is necessary to increase synergy among villages.

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