

Analysis of Leading Smes Determination in Ende Districts and Its Sustainability Status in the Pandemic Era of Covid 19

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Abstract: The existence of MSMEs cannot be doubted because they have proven to be able to survive, especially after the economic crisis in 1998. In the Covid 19 Pandemic era like today, MSMEs still play an important role. Many sectors have been affected by the Covid 19 pandemic but MSMEs still show good resilience compared to large-scale economic sectors, one example is MSMEs in Ende Regency. The most dominant businesses in Ende Regency are micro and small businesses, while medium scale businesses also exist, but not too many. Even though people experience limited purchasing power due to the Covid 19 pandemic, the existence of MSMEs in Ende Regency is still taken into account. Efforts to increase the existence and competitiveness of UMKN in Ende Regency were also carried out by the Regional Government and Stakeholders through the empowerment of MSMEs. The concept of empowerment carried out by the Regional Government basically refers to the concept of national empowerment which is carried out to support the creation of job opportunities, increase exports and increase competitiveness. All these efforts are made through increasing business certainty and legal certainty, developing an incentive system to foster new export-oriented technology-based entrepreneurs, and increasing access to and expanding the export market for MSME products. In this context, MSMEs are also given facilities in formalizing and licensing businesses, including by developing a one-stop service pattern. The main objective is to strengthen the sustainability of MSMEs so that they can produce quality and internationally competitive products. Therefore, strategic efforts are needed to increase the competitive advantage of MSMEs. One way that can be done is by enriching the knowledge of MSME actors about business management and financial knowledge so that management and accountability can be better accounted for. Therefore, the central and local governments play an important role in providing support, commitment and assistance so that the status of MSMEs in Ende Regency is sustainable, superior and has high competitiveness.

Keywords: Sustainability, Existence, Excellence, Empowerment, Competitiveness

I. INTRODUCTION

The development of MSMEs in Indonesia has become the focus of the Government as stated in Presidential Instruction Number 6 of 2014. Development of MSMEs is also one of the elements in the pillars of economic development listed in the blueprint for the ASEAN Economic Community (AEC). AEC has been implemented since the end of 2015 as a single market in the ASEAN region where Indonesia as an ASEAN member with the largest population has the potential to become a strong market (Syukriah and Hamdani 2013). This condition becomes a challenge because there is competition with imported products to meet domestic needs but at the same time also exports for MSME products.

The ability of each region to create a conducive business climate for MSMEs by creating new ideas, business growth, industry and new jobs will have an impact on increasing regional competitiveness. In definitive terms, regional competitiveness according to BI (2008) is the ability of regions to synergize the inputs, outputs and outcomes in their regions in a sustainable manner, so that they can compete at the national and international levels which in turn can improve the standard of living of their people.

The development of MSMEs in many areas in East Nusa Tenggara Province, including Ende Regency, still faces many obstacles. The various problems faced by MSMEs in this region are basically the same as the problems faced by MSMEs in other regions in Indonesia, ranging from problems in the aspects of production, marketing, human resources, finance and organizational and institutional problems. All of these problems are made more complex because of the complex social and cultural conditions of society. One example is the issue of educational level and community perceptions which are still somewhat conventional, especially those related to product quality, promotion and increased competitiveness.

In general, the empowerment of MSMEs in Ende Regency refers to the concept of empowerment nationally.

The aim is to support job creation, increase exports and increase competitiveness. Empowerment of MSMEs is usually carried out through increasing business certainty and legal certainty, developing an incentive system to foster new technology-based and / or export-oriented entrepreneurs, and increasing access to and expanding the export market for MSME products. In this context, MSMEs are also given facilities in terms of formalization and business licensing through the development of a one-stop service pattern. Based on the latest data from the Ende Regency Cooperative Office, it is known that up to 2020 there have been registered as many as 557 MSMEs and all of them have had business permits.

The increase in the number of MSMEs in Ende Regency is actually in line with the Government's vision and mission relating to MSMEs and Cooperatives as stated in the 2014-2019 RPJMD. In the RPJMD there are 4 programs related to MSMEs and Cooperatives, namely 1) a conducive climate development program for MSMEs, 2) Entrepreneurship development program and MSME competitive advantage, 3) Business support system development programs for MSMEs and 4) Cooperative institutional quality improvement programs. All of these programs are expected to contribute to increasing the per capita income of the community.

In terms of quantity, MSMEs in Ende Regency have indeed increased. This is also reflected in the value of GRDP growth according to business fields which tends to increase from year to year. However, this increase has not been matched by an increase in the quality of MSMEs in general. This condition is caused by internal problems faced by MSMEs, namely 1) low quality of human resources in terms of management, organization, mastery of technology, and marketing, 2) weak entrepreneurial spirit of MSME actors, and 3) limited access of MSMEs to capital, information, technology and market, as well as other production factors. Meanwhile, the external problems faced by MSMEs include the large amount of transaction costs due to a less supportive business climate, especially during the Covid 19 pandemic like today. In addition, there is a lack of understanding of professional business management so that MSMEs are unable to face challenges, especially those caused by the rapid development of economic globalization and trade liberalization due to technological advances. Based on these conditions, the purpose of this study is to determine the types of businesses that are included in the Featured MSMEs and take a picture of their sustainability status based on aspects of production, marketing, human resources, finance and organizational and institutional aspects.

II. RESEARCH METHOD

Research sites

The research was conducted in Ende Regency, East Nusa Tenggara Province

The scope of research

The scope of this research includes business units in all subsectors that contribute to the GRDP of Ende Regency.

Types and Sources of Data

The types of data used in this study are secondary data and primary data. Secondary data is the PDRB data of Ende Regency during 2015-2019 which is stated in the amount of billions of rupiah, sourced from the Central Bureau of Statistics. Meanwhile, primary data is data obtained through distributing questionnaires to respondents of business actors and stakeholders who truly understand MSMEs in Ende Regency.

Data collection technique

Data collection techniques consisted of observation, documentation, interviews using questionnaires and literature study

Population and Sample of Respondents

The population in this study included all business actors and stakeholders in Ende Regency, while the sample was determined by purposive random sampling.

Data analysis method

This study uses 3 data analysis methods, namely : Basis and Non Basis Business Analysis

Determination of basis and non-basis business units is carried out using the Location Quotient (LQ) analysis approach with the following formula:

$$LQ = \frac{v_i/v_t}{V_i/V_t}$$

Information:

- LQ is a Locatin Quotient Index.
- v_i is the PDRB value of business unit i in Ende District
- v_t is the total GRDP value in Ende District
- V_i is the PDRB value of business unit i in NTT Province
- V_t is the total GRDP value of business unit i in NTT Province

The criteria used are:

$LQ > 1$ means that the business unit is a basic business unit

$LQ \leq 1$ means that the business is a non-base business unit.

1) Analysis of the Growth Component of Basic Business Units in Ende Regency

Shift Share analysis is an analysis method used to determine the components of national growth (PN), proportional growth components (PP) and components of regional share growth (PPW). This analysis tool is focused on the component of regional share growth that will be used to identify the competitiveness of the base business unit. According to Prasetyo Soepomo quoted in Akrom (2010), the general form of the equation from Shift-Share Analysis and its components is as follows:

The real impact of regional economic growth or the sum of the effects of provincial growth: $D_{ij} = N_{ij} + M_{ij} + C_{ij}$ or $D_{ij} = E_{ij} * - E_{ij}$

a)The effect of national economic growth: $N_{ij} = E_{ij} X r_n$

b)Proportional shift or mix effect industry :

$$M_{ij} = E_{ij} (r_{in} - r)$$

c) Effect of competitive advantage:

$$C_{ij} = E_{ij} (r_{ij} - r_{in})$$

Information :

E_{ij}	=	PDRB sektor i KabuPDRB sektor i Ende Regency..
r_{ij}	=	The growth rate of sector i in Ende District.
r_{in}	=	Sector i growth rate in NTT Province.
r_n	=	GRDP growth rate in NTT Province.paten Ende

3. MSME Sustainability Analysis

The method used in this sustainability analysis is a modified multidimensional scaling-based Rapid Appraisal (RAPFISH) to determine the sustainability of the development of MSMEs in the research area (Pitcher and Preikshot 2001). The MDS method is a process for mapping objects or points observed in one space, where the same object or point is mapped close to each other and different objects or points are mapped apart (Fauzi and Anna 2002). The results of MDS analysis are expressed in index values (0-100) which reflect the status of the sustainability of the object of study based on the actual conditions and the coordination on each dimension (Table 1).

Table 1 Sustainability Index and Status

Index Value	Categories
0.00 – 25.00	Bad: Not sustainable
25.01 – 50.00	Less: Less sustainable
50.01 – 75.00	Sufficient: Sufficiently sustainable
75.01 – 100.00	Good: Very sustainable

Sumber : Pitcher and Preikshot, 2001

In general, there are three stages in the sustainability analysis, namely (1) determining the attributes in each aspect of sustainability; (2) attribute assessment in each aspect of sustainability using a research questionnaire; (3) assessment of the index and status of sustainability through ordination analysis, sensitivity analysis (leverage analysis) and anomaly analysis (Monte Carlo analysis). Based on these three stages, it will be known the sustainability status of the MSME studied.

III. RESULT AND DISCUSSION

1)Determination of Basis and Non-Basis Business Units

The business units in Ende Regency can be grouped into 17 types of fields. Based on growth data from 2015 - 2019, it is known that the business fields that provide the greatest contribution to GRDP are business fields in the sector (1) Providing accommodation and food and drink; (2) Health services and social activities; (3) Wholesale and retail trade; (4) Construction; (5) processing or manufacturing industry; (6) (agriculture, forestry and fisheries; (7) mining and quarrying

and other services. GRDP growth according to business fields in Ende Regency has increased from year to year, although the percentage is not too high. Until 2020, business fields with The highest growth was the processing industry with a growth value of 10.7% and the lowest was the real estate business field with a value of 0.23% (Table 2)

Table 2
Real GDP Growth Rate of Ende Regency by Business Field (%)
2015-2019

No	Business field	2015	2016	2017	2018	2019
1	Agriculture, Forestry and Fisheries	4.30	4.14	5.74	5.67	4.51
2	Mining and excavation	5.97	6.00	5.53	2.19	5.5
3	Processing industry	4.64	4.47	5.89	1.97	10.7
4	Procurement of Electricity and Gas	7.08	8.31	0.94	6.12	0.33
5	Water Supply, Waste Management, Waste and Recycling	2.07	0.38	0.61	3.34	4.46
6	Construction	5.39	6.61	6.14	6.36	4.04
7	Wholesale and Retail Trade, Car and Motorcycle Repair	5.46	4.86	4.94	5.64	7.21
8	Transportation and Warehousing	5.43	5.74	5.32	5.56	3.37
9	Provision of accommodation and food and drink	6.41	7.34	12.96	11.45	4.96
10	Information and Communication	5.78	6.17	5.36	3.87	4.28
11	Financial Services and Insurance	3.49	6.55	4.32	2.47	3.56
12	Real Estate	4.85	3.45	3.19	3.17	0.23
13	Company Services	4.61	2.83	2.06	1.01	2.54
14	Mandatory Government Administration, Defense and Social Security	7.08	4.55	2.39	5.40	7.36
15	Education Services	4.27	5.42	5.07	1.74	4.03
16	Health Services and Social Activities	5.52	6.37	6.35	6.20	6.54
17	Other services	3.72	5.55	4.69	5.49	7.08
Rata-rata Pertumbuhan Riil PDRB		5.07	5.08	5.04	4.93	5.08

Source: Ende in Figures 2015-2019, compiled.

The data in Table 2 shows that in general, the real GDP growth rate of Ende Regency from 2015-2019 experienced positive growth but with a not too large percentage. The real growth of all business units is in fluctuating conditions, meaning that there are business units that experience growth in a certain year but then experience a decline in the following year. This condition shows that the development of MSMEs in Ende Regency is still experiencing many obstacles both internally and externally in relation to the business environment around it.

Based on the results of the Location Qution analysis, it is known that of the 17 business fields in Ende Regency, 9 (nine) of them are basic businesses and 6 are non-base businesses. Businesses belonging to the basic category

are (1) businesses providing water, waste management, waste recycling; (2) Wholesale and retail trade, repair of cars and motorcycles; (3) Transportation and warehousing; (4) Information and communication; (5) Financial and insurance services; (6) real estate; (7) Housing services; (8) Educational services; and (9) Other services. The base category of a number of businesses shows that the business has a comparative advantage. The basic business fields with the highest LQ value are information and communication (Table 3).

Table 3 Results of Basis and Non Basis Business Analysis

No	Business Field	LQ Result	Description
1	Agriculture, Forestry and Fisheries	0.95	Non Basis
2	Mining and excavation	0.59	Non Basis
3	Processing industry	0.88	Non Basis
4	Procurement of Electricity and Gas	0.67	Non Basis
5	Water Supply, Waste Management, Waste and Recycling	1.02	Basis
6	Construction	0.99	Non Basis
7	Wholesale and Retail Trade, Car and Motorcycle Repair	1.13	Basis
8	Transportation and Warehousing	1.22	Basis
9	Provision of accommodation and food and drink	0.48	Non Basis
10	Information and Communication	3.44	Basis
11	Financial Services and Insurance	1.03	Basis
12	Real Estate	1.13	Basis
13	Company Services	1.44	Basis
14	Mandatory Government Administration, Defense and Social Security	0.81	Non Basis
15	Education Services	1.03	Basis
16	Health Services and Social Activities	0.80	Non Basis
17	Other services	1.09	Basis

Source: Secondary Data Processing, 2020.

1) Result of Shift Share Analysis

Based on the results of the shift share analysis, it is known that there has been a change in the economic structure in the last 5 years in Ende Regency. The relative change in the economic structure of Kabupaten Ende is caused by:

- 1) National economic growth (national growth effect), which shows the effect of national economic growth on the economy of Ende Regency
- 2) Proportional shift, which shows the relative change in the performance of a sector in Ende Regency to the same sector in NTT Province. Proportional shift is also called the industrial mix effect.
- 3) Differential shift, which shows the level of competitiveness of a particular sector in Ende Regency compared to the level of competitiveness of the same sector at the NTT Province level. If the value of the differentiation shift is positive, it means that the sector in Ende Regency is more competitive than the same sector at the provincial level. This differential shift is also known as the effect of competitive advantage.

Table 4. Shift Share Analysis Results

No	Business Field	Mij	Cij	Dij
1	Agriculture, Forestry and Fisheries	124.559.072	75,732.69	1.276.848.480.00
2	Mining and excavation	6.291.076	4,084.29	68.942.028.00
3	Processing industry	1.4197.973	-3,056.03	70.386.810.00
4	Procurement of Electricity and Gas	676.37	-368.05	3.041.230.00
5	Water Supply; Waste, Waste, and Recycling Management	339.039	-114.14	3.391.836.00
6	Construction	94.559.698	-4,554.12	530.077.495.00
7	Wholesale and Retail Trade; Car and Motorcycle Repair	160.726.592	-20,720.28	810.629.210.00
8	Transportation and Warehousing	61.083.338	-18,558.28	306.497.568.00
9	Provision of Accommodation and Food and Drink	5.600.858	-1,765.69	16.387.948.00
10	Information and Communication	41.764.382	-6,325.66	246.006.919.00
11	Financial Services and Insurance	28.040.958	-6,013.93	176.258.954.00
12	Real Estate	15.350.93	-5,622.80	133.568.731.00
13	Company Services	1.304.285	-157.69	18.698.255.00
14	Mandatory Government Administration, Defense, and Social Security	94.977.388	-22,123.60	514.869.571.00
15	Education Services	59.904.5	-3,901.74	458.702.259.00
16	Health Services and Social Activities	17.245.786	-1,522.43	87.684.958.00
17	Other Services	20.192.965	-1,008.21	116.924.566.00
	Gross domestic product	746.925.564	-330,542.52	4.524.480.301.00

Source: Secondary Data Processing, 2020

Based on the results of the shift share calculation as shown in Table 4, it is known that:

- a. The total national share value of 4,108,097.26 shows that the economic growth of NTT Province in the 2015-2019 period has had a positive influence on the economic activities of Ende Regency where this can be seen in all positive values of the economic sector in Ende Regency even with the economic output value. the small one is 4,131,781.50
- b. The proportional value (proportional shift) as a whole the economy in Ende Regency has not progressed because it is seen from the results of the proportional shift that the PDRB results are 746,925.6
- c. The differential shift value of 4,524,480.3 shows that the economic development in Ende Regency has high or fast competitiveness. A sector that gets positive results in a differential shift means that MSMEs have high competitiveness and high competitive advantages.
- d. The economy of Ende Regency got very positive results on the value of Total Performance during the period 2010-2015 because it experienced an increase in absolute value and the superiority of regional economic performance was 18,773,392.70.

1) Analysis of Leading Business Sectors

Based on the results of the LQ analysis, it is known that there are many business fields that are included in the basic category, meaning that they have a comparative advantage. Comparative advantage relates to the ability of MSMEs in terms of producing goods and services with production raw materials that have lower prices than their competitors. It can be seen that the prices of goods and services in Ende Regency are quite cheap compared to other areas in NTT, especially tourist destinations such as Labuan Bajo and the provincial capital. However, after the results of this LQ analysis were juxtaposed with the results of the shift share analysis, it turned out that there were no business fields

that were the leading MSMEs in Ende Regency. Shift share analysis is related to competitiveness and high economic growth. Meanwhile, to meet the standards of excellence, MSMEs must meet three criteria, namely the basic sector, high or positive growth and high competitiveness (Table 5).

Table 5

Analysis Results of Leading MSMEs in Ende Regency

No	Business field	Results of LQ Analysis and Shift Share	Information
1	Agriculture, Forestry and Fisheries	High Growth, High Competitiveness, Non-Basis	Not Excellent
2	Mining and excavation	High Growth, High Competitiveness and Non-Basis	Not Excellent
3	Processing industry	High Growth and Low Competitiveness, Non-Basis	Not Excellent
4	Procurement of Electricity and Gas	High Growth and Low Competitiveness, Non-Basis	Not Excellent
5	Water Supply, Waste Management, Waste and Recycling	High Growth and Low Competitiveness, Basis	Not Excellent
6	Construction	High Growth and Low Competitiveness, Non-Basis	Not Excellent
7	Wholesale and Retail Trade, Car and Motorcycle Repair	High Growth and Low Competitiveness, Basis	Not Excellent
8	Transportation and Warehousing	High Growth and Low Competitiveness, Basis	Not Excellent
9	Provision of Accommodation and Food and Drink	High Growth and Low Competitiveness, Non-Basis	Not Excellent
10	Information and Communication	High Growth and Low Competitiveness, Basis	Not Excellent
11	Financial Services and Insurance	High Growth and Low Competitiveness, Basis	Not Excellent
12	Real Estate	High Growth and Low Competitiveness, Basis	Not Excellent
13	Company Services	High Growth and Low Competitiveness, Basis	Not Excellent
14	Mandatory Government Administration, Defense and Social Security	High Growth and Low Competitiveness, Non-Basis	Not Excellent
15	Education Services	High Growth and Low Competitiveness, Basis	Not Excellent
16	Health Services and Social Activities	High Growth and Low Competitiveness, Non-Basis	Not Excellent
17	Other Services	High Growth and Low Competitiveness, Basis	Not Excellent

Source: Secondary Data Processing, 2020

1) MSME Sustainability Analysis

The results of the MDS MSME analysis were seen from two aspects, namely the production and marketing aspects, showing that the sustainability status of MSMEs in Ende Regency was in a fairly sustainable status for the production aspect but not sustainable for the marketing aspect. The production aspect is at a scale of 52.02 while the marketing aspect is at a scale of 49.02 (Figures 1 and 2).

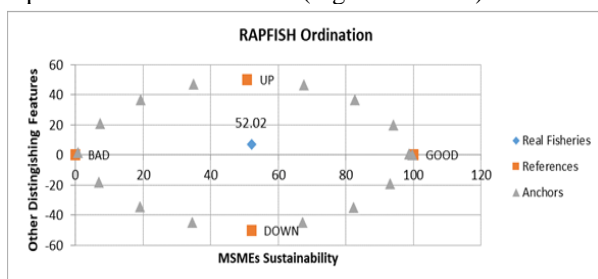


Figure 1. Results of the Analysis of the MSME Production Aspect Ordination in Ende Regency

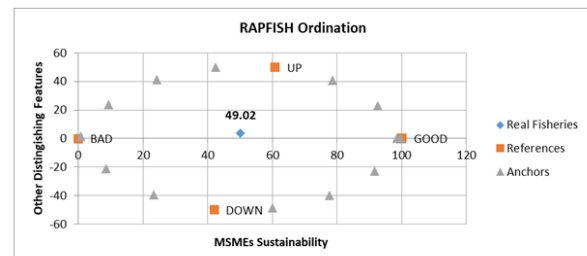


Figure 2. Result of Analysis of MSME Marketing Aspect Order in Ende Regency

Based on the results of the leverage analysis, it is known that the parameter affecting sustainability for the production aspects of MSMEs in Ende Regency is product quality. In general, MSME products, especially for processing agricultural products, are still of very low quality. Meanwhile, the parameters that affect the sustainability of the marketing aspect are packaging and brand. The survey results prove that the packaging and labeling system for MSME products in Ende District is still very simple. This affects the competitiveness of MSMEs, especially when facing competitors from Java and Bali. An overview of the results of the leverage analysis can be seen in Figures 3 and 4 below

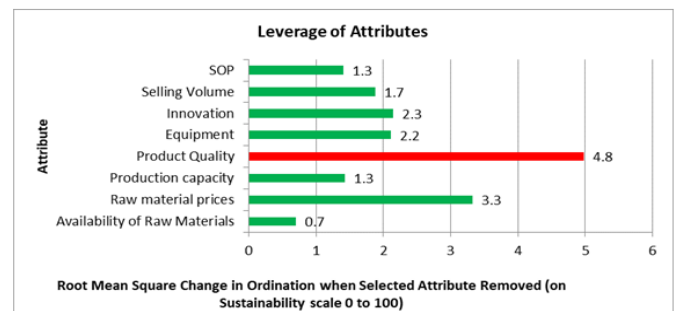


Figure 3. Results of Leverage Analysis for MSME Production Aspects in Ende Regency

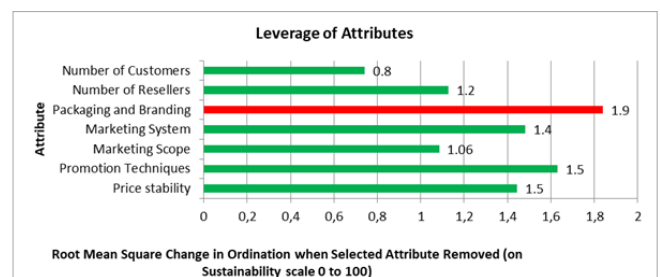


Figure 4. Result of Leverage Analysis for MSME Marketing Aspects in Ende Regency

IV. CONCLUSIONS AND SUGGESTIONS

Based on the results of the LQ, Shift Share and MDS analysis, it is known that:

1. Business fields that produce basic MSMEs with comparative advantages consist of 9 types, namely (1) Water supply, waste management, waste recycling; (2) Wholesale and retail trade, repair of cars and motorbikes; (3) Transportation and warehousing; (4) Information and communication; (5) Financial and insurance services; (6) real estate; (7) Housing services; (8) Educational services; and (9) Other services. The base category of a number of

businesses shows that the business has a comparative advantage. The basic business fields with the highest LQ value are information and communication

2. Of the 9 business fields that have a comparative advantage, none of them are superior MSMEs because of their low competitiveness.
3. The sustainability status of MSMEs from the production aspect is in the fairly sustainable category while from the marketing aspect it is in the less sustainable category.
4. The most dominant variable affecting the sustainability of MSMEs in the production aspect is the low quality of the product, while the variable that most influences the marketing aspect is the packaging system and the absence of a standard brand for the products produced

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