

Study of Micro and Small Business Development Strategies in Economic Recovery Post COVID-19 Pandemic in Kupang-East Nusa Tenggara

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Abstract— This study aims to provide information on business development strategies MSBs in economic recovery post COVID-19 pandemic in Kupang-East Nusa Tenggara. The type of research used in this study is a qualitative descriptive approach. The sampling technique in this study was Proportional Random Sampling and then Simple Random Sampling, the total sample was 98 MSBs. Data Analysis Techniques using TOWS Matrix Analysis. The analysis results show that the priority for MSBs in Kupang-East Nusa Tenggara is to support diversification/ combination strategy (Strengths-Threats). Those two business development strategies are:(1) Providing infrastructure and technology to use APMK (Card-Based Payment Instruments) or UK(Electronic Money),(2) Optimizing the potential sales volume of new products and product variances by using marketing bundling packages or discounts for both consumer loyalty and new consumers.

Keywords— MSBs, Strategic Management, TOWS Analysis, Business Development.

I. INTRODUCTION

Global economic conditions this year experienced an unprecedented decline. COVID-19 is spreading globally at an alarming pace, and the Government of Indonesia is taking steps to contain the virus, including restrictions on domestic mobility. These precautionary measures led to a sharp decline in domestic economic activity. Many companies and shops were banned from operating, while many consumers

were unable or unwilling to shop given the high uncertainty regarding income prospects and the risk of contracting disease [1]. Apart from the impact of the COVID-19 pandemic, the national economy's performance is still facing structural problems that hinder economic transformation. MSBs' performance has low productivity levels and is vulnerable to shocks such as what happened during the current COVID-19 outbreak [2].

Business development is carried out to identify growth opportunities in a constantly changing environment to improve current or future job performance by providing information, influencing attitudes or improving skills [3]. The importance of entrepreneurs expands their business during the pandemic. MSBs Financial Management that informs transparently and accountably will have a positive impact on the business itself. If entrepreneurs can do this, the hope is to turn small businesses into medium and even large businesses [4]. One indicator of the success of MSB development is how many MSMBs are promoted to big businesses [5]. MSMBs are classified as marginal businesses, characterized by relatively simple technology, low levels of capital and access to credit, and tend to be oriented to local markets. MSMBs are also one of the main components of regional economic development [6].

Based on data from the Ministry of Cooperatives Furthermore, the Republic of Indonesia SMBs noted that as of August 2020, more than 300,000 entrepreneurs who

reported their business were mired in the pandemic. It means that it is clear that micro, small and medium enterprises have a significant role in the Indonesian economy. Meanwhile, based on data affected by the COVID-19 pandemic in East Nusa Tenggara, there were 4,157 MSMBs and contributed almost 99% of Regional Domestic Products. The city of Kupang has several leading business sectors, one of which is the trade sector; this sector generally involves micro and small business industries. The problems faced by MSBs in Kupang City in the trade sector are as follows:

Table 1. MSBs Sales Data for the Kupang Trade Sector

No.	Type of business	Average Sales Per Year (IDR)		
		2018	2019	2020
1.	Micro	51.696.000, -	61.880.112, -	27.412.890, -
2.	Small	750.000.000, -	876.750.000, -	471.691.500, -

By looking at these facts, the average sales data in the last 3 years for the type of business classified as micro reached a decline of minus 44.30% while for the type of small business it reached a decline of minus 53.80% during the COVID-19 pandemic in 2020, it is necessary to have the opportunity to develop a business-by-business owners to maintain the survival of their business.

Previous research conducted by Hetika's [7] stated problems with MSMBs related to marketing, funding or capital, human resource development, technology utilization. Research Noor [8] states that the weak competitiveness of MSMBs is caused by several problems, including marketing, capital and funding, innovation and use of technology, information, use of raw materials, production equipment, absorption and empowerment of workers, business development plans and readiness to face environmental challenges external. While Anita's research [9] states that to maintain MSMB businesses, they sell through e-commerce, utilize technology, improve product quality and quality and type of service and foster customer loyalty. This study aims to provide information on business development strategies MSBs in economic recovery post-COVID-19 pandemic in Kupang-East Nusa Tenggara.

II. RESEARCH METHODS

The type of research used is a qualitative descriptive approach [16]. The type of data used in this study is primary data due to an interview with an MSBs Entrepreneurs in the Trade sector in Kupang-East Nusa Tenggara. Secondary data is MSBs financial information data and related journals. The data collection techniques used are as follows [17,18]: Observation, Semi-structured interview, Documentation. The population of MSBs in the trade sector is in 7 urban villages, Kupang-East Nusa Tenggara, which consists of Oesapa, Lasiana, Oeba, Oebobo, Kuanino, Manutapen, Penfui. The

sampling technique used is Proportional Random Sampling then used Simple Random Sampling technique with the required number of samples is 98 MSBs. Data Analysis Techniques using TOWS Matrix Analysis.

The TOWS matrix consists of 9 cells in which there are four critical factor cells, 4 strategic factor cells. The following are the steps in analyzing research [19]:

1. Identify four essential factor cells labelled Threats Opportunities, Weaknesses, and Strengths.
2. Doing the matching goal is to produce alternative strategies that can be executed.
3. Interpreting the TOWS Matrix that four strategies can be developed, namely:
 - SO Strategy - Strategies that utilize strengths so that we can take advantage of current opportunities.
 - WO Strategy- is Strategies that try to minimize weaknesses or improve weaknesses to seize the opportunities that exist.
 - ST Strategy- is Strategies that use strength to try to overcome or minimize the threats we face.
 - WT Strategy - is Strategies that try to minimize or reduce weaknesses to prevent threats that must be faced.

III. RESULTS AND DISCUSSIONS

Analysis of the External Environment of MSBs in Kupang-East Nusa Tenggara

1. Competition Between Similar Businesses
 Competition among similar businesses is found around several MSBs' business locations; there are similar competitors even near mini-marts/hyper-marts. With a business location that is easier to reach from where they live, consumers will get products faster.
2. Entry of New Competitors
 The entry of new competitors during the COVID-19 pandemic is an impact on community survival and income difficulties. New competitors who offer products with high creativity in technology-based product innovation, low prices, and free delivery costs become attractive consumers. This new competitor does not open a business with significant capital, and even the new competitor does not have a permanent business building only on a digital platform.
3. Development of Substitute Products
 The function of developing substitute products from MSBs in Kupang-East Nusa Tenggara shows that 10% of MSBs substitute products from the main business of the trading sector, such as kiosks, by providing gallon refill water and restaurants so that they can be choices for consumers.

4. Bargaining Power of Suppliers

The supplier builds a good relationship as their strength—most of the MSBs work together and partner for more than a year. Products with stable prices from suppliers during the COVID-19 pandemic are needed for the smooth running of consumers to feel safe that the desired product is still available.

5. Bargaining Power of Consumers

The strength of MSBs consumers in Kupang City is to provide fast and precise (prime) service, which shows that 80% of MSBs already have consumer loyalty to become an advantage over other competitors.

Analysis of the Internal Environment of SMBs in Kupang-East Nusa Tenggara

1. Marketing

The marketing function in 7 urban villages of Kupang-East Nusa Tenggara, almost 80% of MSBs use banners in their promotions, while others use local newspaper advertisements and social media. Based on the data, almost 90% of micro businesses consist of kiosks, salons, photocopiers and workshops. Meanwhile, 10% are small businesses consisting of weaving and restaurants.

Determining the right consumer segment is the initial plan in starting this business. The MSBs earn an average of IDR. 50.000.00, - to IDR 1,000,000.00, - per day during the COVID 19 pandemic.

MSBs Business Development Strategy

2. Finance

The Business Owner manages the MSBs financial function. Financial management already exists that uses simple bookkeeping/accounting by recording income and expenses. Business owners carry out financial supervision by separating transactions for personal from transactions for a business. In addition, almost 60% of MSBs have invested in business development, such as opening new businesses in other locations.

3. Production and Operation

The production and operational functions of MSBs, namely by estimating plans in providing products and ensuring the availability of products from suppliers, are vital during the COVID-19 pandemic. The risks that will be faced are high demand, but the product is not available, and there is an uncontrolled increase in Selling prices. MSBs pay attention to product quality in terms of price and product expiration period. Supervision of product expiration is carried out every week up to every month so that consumers.

4. Human Resources

The function of human resources in running MSBs is 80% using 1 worker who helps business owners. Before starting a business, briefing the workforce was done well by applying the rules to be friendly and empathetic to consumers, responding to questions quickly and accurately.

Table 2. TOWS Matrix Analysis Results

		Opportunities (O)	Threats (T)
		TOWS Matrix of MSBs	<ul style="list-style-type: none"> Sales and promotion of products with digital platforms Increased demand for essential products Maintain the integration of trade relations that are maintained with suppliers Availability of a large workforce and low wages
Strengths(S)	<ul style="list-style-type: none"> Excellent service to consumers by prioritizing health protocols Very flexible business location Using Products/Raw Materials that come from local (Indonesia) – not imported products Provide a guarantee for the return of damaged goods in a short period 	<p>S-O Strategies (Maxi-Maxi)</p> <ul style="list-style-type: none"> ✓ MSB's changed product sales and marketing patterns with various digital platforms (social media, e-commerce, WhatsApp) and delivery services with free delivery fees, a maximum distance of 1 kilometer from the business location. ✓ Increase the supply of essential products by paying attention to quality and competitive prices. 	<p>S-T Strategies (Maxi-Mini)</p> <ul style="list-style-type: none"> ✓ Provide infrastructure and technology to use APMK (Card-Based Payment Instruments) or UK (Electronic Money) ✓ Optimize the potential sales volume of new products and product variances by using marketing package bundling or discounts for consumer loyalty and new customers.

Weaknesses(W)	<ul style="list-style-type: none"> • Sales using the offline system • Difficulty in accessing additional capital • Limited Human Resources and Technology used • Financial management has not been neatly arranged between costs and income. 	<p>W-O Strategies (Mini-Maxi)</p> <ul style="list-style-type: none"> ✓ Participate in the business development program in the form of CSR (State-Owned Enterprise) assistance and capital access assistance from the Ministry of Cooperatives and SMBs ✓ Participate in coaching programs, financial training and use of digitalization by the Ministry of Cooperatives and SMBs ✓ Participate in the SMB legal protection program from online moneylenders (online loans) from the Ministry of Tourism and Creative Economy 	<p>W-T Strategies (Mini-Mini)</p> <ul style="list-style-type: none"> ✓ Build partnerships or partners with conventional motorcycle taxi services or online motorcycle taxi services personally with the "SobatKios" program, which provides smooth delivery services delivery.
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Based on table 2 above shows that the strategic position of MSBs in Kupang-East Nusa Tenggara in the Oesapa, Lasiana, Oeba, Oebobo, Kuanino, Manutapen, and Penfui urban villages is in Quadrant II with a value of $X = 0.041$ (positive) and $Y = -0.027$ (negative), namely support the Diversification Strategy/ Combination Strategy. It shows that MSBs in Kupang-East Nusa Tenggara have Strengths that can be used to overcome existing Threats so that MSBs can survive in running businesses for economic recovery after the COVID-19 pandemic. According to the research of Hetika et al (2020) and Nur et al (2017) state that organizations carry out the Combination Strategy by combining several strategies, especially strategies to reduce old unprofitable products and add new products to improve organizational efficiency.

From the results of calculations using the TOWS matrix, it can be obtained that to develop a business by analyzing existing external conditions, the changes are quite fast and dynamic. This makes business actors must have critical thinking about the surrounding events so as to improve their business position among their competitors. In developing the MSBs business in the trading sector in the Kelurahan Oesapa, Lasiana, Oeba, Oebobo, Kuanino, Manutapen, should carry out the S-T (Maxi-Mini) strategy, where in formulating the Strength-Threats strategy there is a clarification of each strategy in the S-T strategy. These business developments are: First, providing infrastructure and technology to use APMK (Card-Based Payment Instruments) or UK (Electronic Money). This strategy becomes a payment requirement for MSEs. Restrictions on Community Mobility cause consumers to change behavior patterns in financial transactions.

The second alternative business development strategy is a strategy that optimizes the potential sales volume of new products and product variances by using marketing bundling packages or discounts for both consumer loyalty and new consumers. Bundling packages combine several products that are usually used by consumers at the same time in one attractive price. This strategy can be used for micro-

business. The following strategy involves applying a discounted price offered by a volume discount, i.e. the consumer will end up paying less for the product. This strategy can be used for small businesses. Sales of new product variants follow consumer behavior patterns where consumers are more careful in determining spending priorities which are dominated by daily needs as well as the need for health protection to avoid viruses such as medical masks and KN95 masks and hand sanitizers that will be a lifestyle for MSEs to be able to sell These products, such as the type of small business, namely ikat weaving, can provide standard KN95 cloth masks and Ethnic Personal Protective Equipment with woven motifs from East Nusa Tenggara.

IV. CONCLUSIONS AND SUGGESTIONS

Based on the results of the analysis and discussion that have been described previously, it can be concluded that the results of the TOWS matrix show that the priority strategy for MSBs in Kupang-East Nusa Tenggara is to support the diversification/Combination Strategy (Strengths-Threats) strategy. Those two business development strategies are: (1) Providing infrastructure and technology to use APMK (Card-Based Payment Instruments) or UK (Electronic Money) ;(2) Optimizing the potential sales volume of new products and product variances by using marketing bundling packages or discounts for both consumer loyalty and new consumers. Suggestions among them are (1) MSBs can use Strengths-Threats strategies by increasing MSB internal stability in marketing, financial, operational and human resources functions so that optimal sales volume is achieved; (2) A broader research needs to be carried out, namely on MSBs in all sectors, not only the trade sector.

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