

Strategies to Increase the Competitiveness of Local Products in The Global Market (Study of MSME Products in Tanggamus Regency)

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Abstract

Small, Micro and Medium Enterprises (MSMEs) must be able to become useful institutions for creating the welfare of rural communities. MSMEs must be a space that can create independent communities that gain prosperity and become institutions that can create a higher quality source of livelihood for rural communities. The growth of MSMEs in Tanggamus Regency is not much different from that of the Lampung province But it decreased from 0.959 in 2017 to 0.842 in 2018. In 2019 the growth of MSMEs in Tanggamus Regency increased significantly above the growth of other provinces. Villages have different and diverse characteristics that will have an impact on the working model of MSMEs. Therefore, it is necessary to have a business model that is able to be implementable in a specific context in accordance with the criteria for the MSME model in a village. Therefore, a study of the business model needs to be carried out using quantitative methods. Based on this, this research was carried out in an explanatory manner to find a MSME business model that is adapted to global market segmentation.

Keywords:

improvement; competitiveness; products; MSMEs; Tanggamus

Introduction

People's economy is seen as an alternative solution to the less successful development based on a conglomerate economy. In a populist economy, the people play a role in equitable development. In line with Mubyarto (1999) the people's economy is an economic system that is operationalized through partiality and full protection of the people's economic sector. The people's contribution in the economic sector includes agriculture, animal husbandry, fishery, plantations, people's handicraft industries, small industries as well as in trade or other self-help activities both in rural and urban areas. The main characteristic of the people's economy is subsistence and the main capital is family labor with minimal capital and technology (Mubyarto, 1999).

In other words, people's economy is an economic system based on the economic power of the people. The core of economic activity is the people's economy itself. By running small and medium-sized enterprises that include agriculture, handicrafts and food, they manage economic resources independently. The idea of a populist economy was developed as an alternative effort by Indonesian economists to answer the failures experienced by developing countries including Indonesia in applying growth theory. The application of growth theory which has brought success in European countries has turned out to be another reality in a number of different nations. As a network, the people's economy is endeavored to be ready to compete in the era of globalization by adopting the most sophisticated information technology and management systems such as international business institutions. The people's economy is expected to run with a cooperative and public ownership system.

People's economy is a process of integration of individuals with their groups. Humans are basically dynamic creatures in the sense that they have their own patterns to be in a new environment and culture. This is one way for the community to interact with each other through social processes in the form of mutual adjustment, getting to know and blending in. Different conditions due to a change must be able to be adapted by all members of society. People must be able to carry themselves in various environments. When a person has to adapt openly to an environment that is constantly changing and evolving, then he must determine how to act and behave in accordance with the values and norms that function.

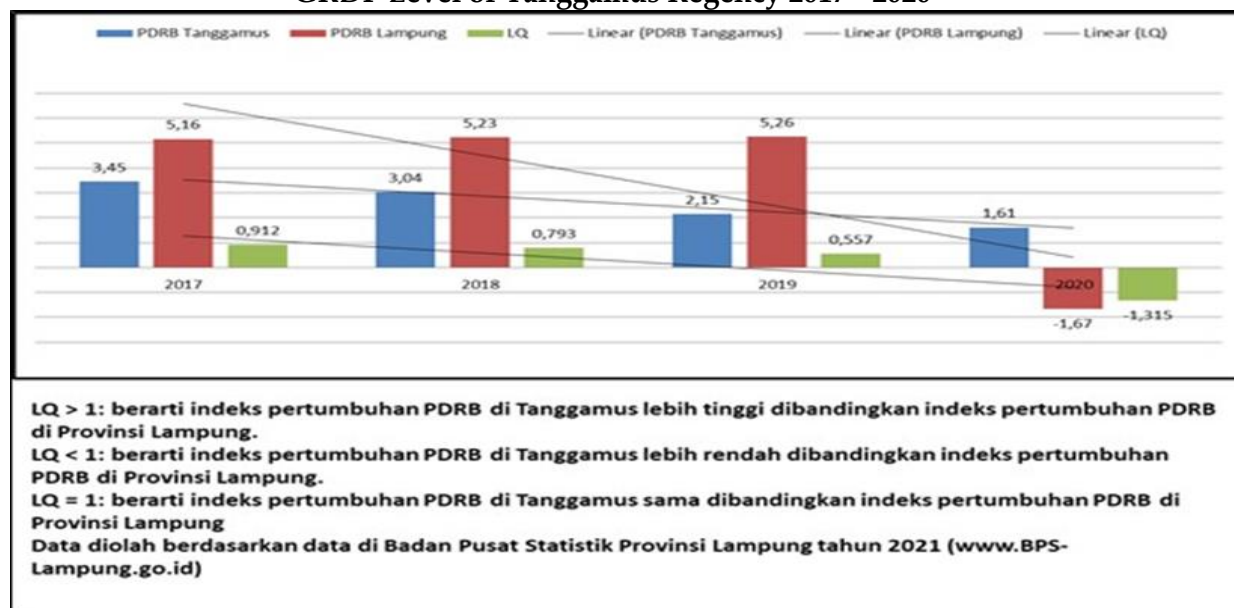
Judging from the conditions of development and changes that always occur, the adjustment (adaptation) does not only occur in the social environment within the group. Adaptation demands occur in all aspects of people's lives, both slowly (social evolution) and fast (social revolution). Today, after the outbreak of the Covid-19 pandemic, the context of changes that occur is more inclined towards a social revolution. This condition forces the rapid adaptation process of the community in all sectors of life, including in the socio-economic field of society. The presence of new challenges in people's lifestyles in the Covid-19 era has led to alternative solutions in the pattern of building relationships and interactions through technology and digitalization. The ability of MSMEs and Cooperatives in capturing this situation will be able to provide new transaction space so that they can

break the boundaries of business development and transaction patterns. In other words, the COVID-19 pandemic has resulted in the need for adaptation of economic processes to maintain the existence of a people's economy in Indonesia.

This economic adaptation includes the way MSMEs and Cooperatives run their business units in an effort to survive financially. Technological developments can be an adaptation medium in an effort to integrate business with the concept of digitization. Digitalization not only provides resilience during the pandemic but can also be maximized to expand the market and serve various consumer segments outside the region.

Digitization must be applied to business processes or in other words MSMEs and Cooperatives run digital-based businesses. Digital business can be used as a way to increase people's income so that it has an impact on the level of GRDP in Tanggamus Regency which based on tracking has decreased significantly in 2020.

Figure 1.
GRDP Level of Tanggamus Regency 2017 - 2020

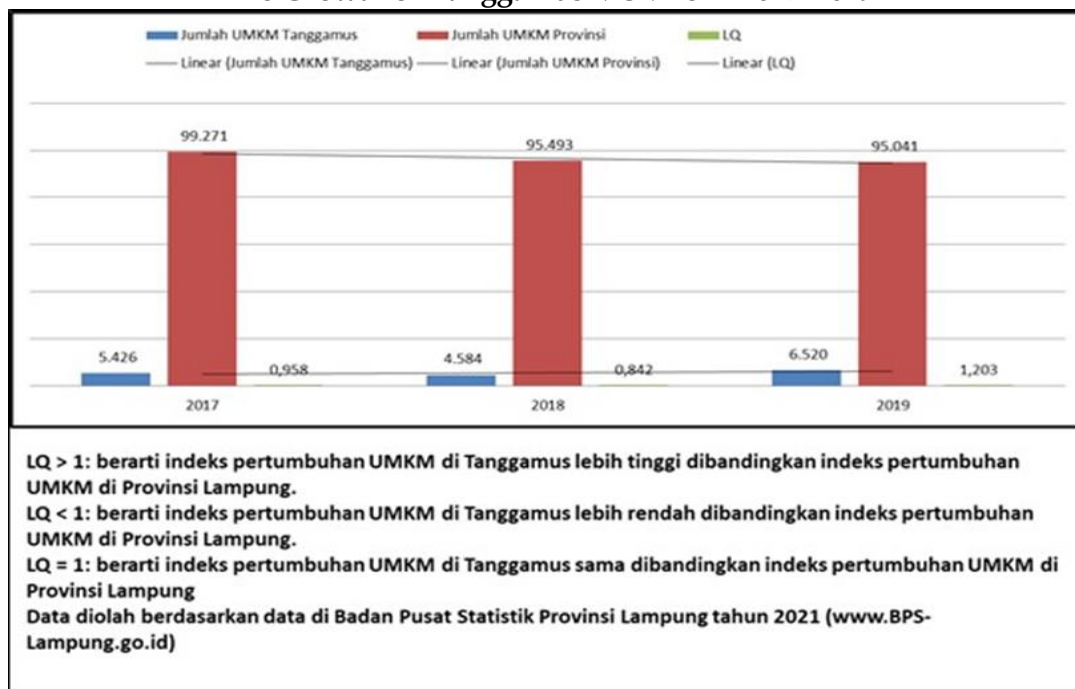


Source: BPS Lampung, 2021

Based on Figure 1, the level of GRDP in Tanggamus Regency is compared to the level of GRDP in Lampung Province. By using LQ analysis, it can be seen that in 2017 the GRDP growth of Tanggamus Regency was lower than Lampung Province. However, if you look at the data for 2018 - 2019 the level of GRDP in Tanggamus Regency is decreasing compared to Lampung Province. Even in 2020, the GRDP of Tanggamus Regency has a lower decline than the Province of Lampung. This is what underlies the need for application of business

models to SMEs and cooperatives in order to be able to increase the market not only at the local level but also to capture the national market. On the one hand, MSMEs and Cooperatives are economic modes that can be accessed by rural communities, but on the other hand their existence is still invisible because their business models do not have differences or concepts of differentiation so that their competitiveness can be seen in the minds of consumers. The following is the growth of MSMEs in Tanggamus Regency:

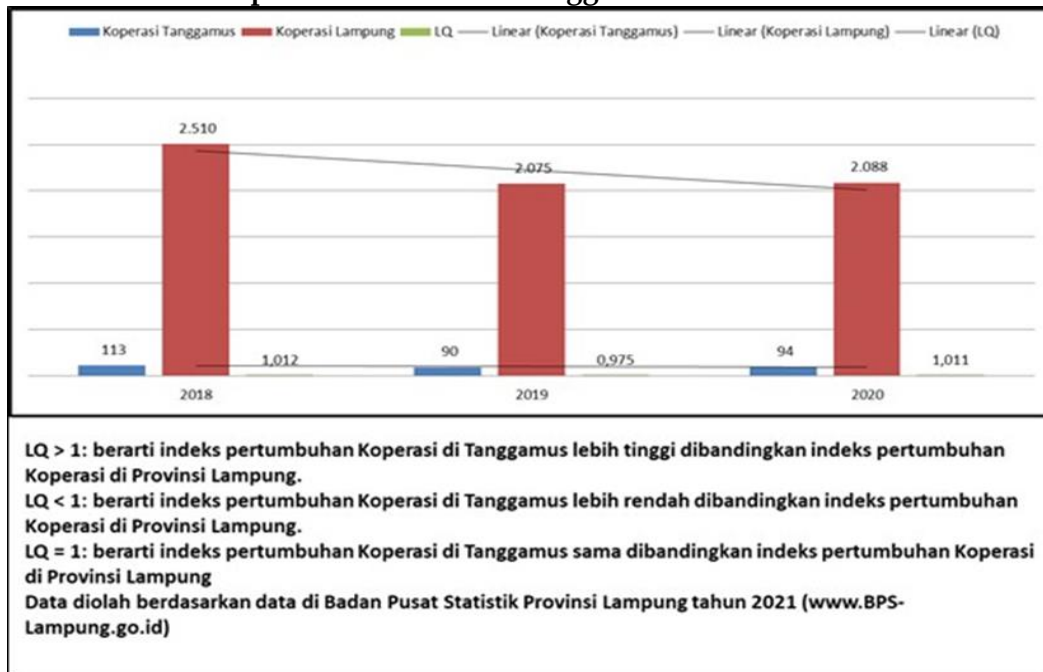
Figure 2.
The Growth of Tanggamus MSMEs in 2017–2019



Source: BPS Lampung, 2021

Compared to the growth of MSMEs in Lampung Province, the growth in Tanggamus Regency is not much different in its growth rate although it is still below the provincial growth rate. In figure 2, MSMEs in Tanggamus Regency have decreased from 0.959 in 2017, to 0.842. However, in 2019 the growth of MSMEs in Tanggamus Regency experienced a significant increase where the growth was above the provincial growth. This increase is also in line with the growth of cooperatives in Tanggamus Regency.

Figure 3.
Cooperative Growth in Tanggamus in 2018 – 2020.



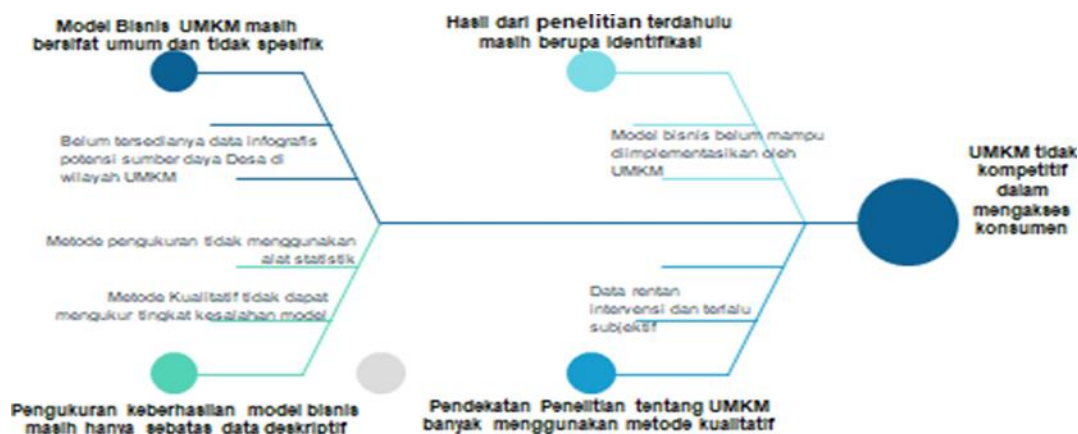
Source: BPS Lampung Province 2021

In 2019, the growth was lower than 2018 but increased again, better than the growth of Lampung Province. These data show that the people's economic model in the form of cooperatives is better than MSMEs. but even so, the existence of the concept of MSMEs and cooperatives cannot be separated considering that each business model has different competitiveness and markets. Cooperatives grow more than MSMEs because cooperatives are more familiar and the model is more acceptable to the people in the village. As we know, cooperatives have a system for sharing business results that are transparent to members. So that the cooperative opens up investment opportunities to its members because it has a clear profit sharing process.

The previous data and narratives are sufficient to describe the challenges of today's populist economy, especially in Tanggamus Regency. Thus, this study is intended as an initial step to measure the economic growth of the people in Tanggamus Regency, Lampung province. So that in the future, the Tanggamus Regency Government can prepare effective directions and policies in developing its people's economy.

Methods

Figure 4.
Research Flow



This research uses two methods, namely literature review and case study. Literature review research is research that explores various literatures according to the research topic to identify and answer research questions. Literature review is a literature review that supports a specific problem in the research we are working on (Fraenkel, Wallen, & Hyun, 2012). This study is very useful for researchers, for example to provide an overview of the problem to be studied, provide conceptual theoretical support for researchers, and then be useful for discussion or discussion in research. Literature review or literature can guide researchers to develop a research hypothesis that they are doing. This method provides a comprehensive overview of the topic related to the key authors who express their views on the topic, the applicable theories and hypotheses as well as the questions that must be answered and the most appropriate method.

The sources of literature that will be used in this research include books (monographs, text books, reference books); articles from journals, both printed and electronic; daily articles; historical data; government reports and statistical information; research results published in theses, theses or dissertations; and other relevant information. The organization of the various data and information collected will be carried out by referring to the chronological (according to the order of time), thematic (according to the theme) and methodological aspects (according to the method used). On the data that has been collected conclusions are then made.

In addition to using the literature study research method, this research also uses a case study method. The essence of the case study research method is that this method seeks to explain a series of decisions: why the decision was made, how the decision was implemented and what consequences emerged from the decision (Yin, 1994). Specifically, the case study research method is defined as the process of investigating current phenomena in real-life contexts, especially when the boundaries between reality and context are not very real (Yin, 1994). Case studies also focus on understanding the current dynamics in an event or events being analyzed (Eisenhardt, 1989). Cases in case study research, according to Miles and Huberman (1994 in Baxter & Jack, 2008) are phenomena that occur in a particular context, and are the unit of analysis in the study.

Results and Discussion

Table 1.
Distribution of Respondents by Sub-District in Tanggamus

No.	District name	Capital	Villages Number	Samples Number
1	Wonosobo	Tanjung Kurung	28	9
2	Semaka	Sukaraja	22	7
3	Bandar Negeri Semuong	Sanggi	11	4
4	Kota Agung	Kuripan	16	5
5	Pematang Sawa	Way Nipah	14	5
6	Kota Agung Timur	Kagungan	12	4
7	Kota Agung Barat	Negara Batin	16	5
8	Pulau Panggung	Tekad	21	7
9	Ulu Belu	Ngarip	16	5
10	Air Nanningan	Air Nanningan	10	3
11	Talang Padang	Talang Padang	20	7
12	Sumberejo	Sumberejo	13	4
13	Gisting	Kuta Dalam	9	3
14	Gunung Alip	Banjar Negeri	12	4
15	Pugung	Rantau Tijang	27	9
16	Bulok	Sukamara	10	3
17	Cukuh Balak	Putih Doh	20	7
18	Kelumbayan	Napal	8	3
19	Limau	Kuripan	11	4
20	Kelumbayan Barat	Sidoarjo	6	2
Villages Number			302	100

In this study, the respondents were MSMEs scattered in Tanggamus Regency. Determination of the number of samples is carried out based on the proportion of the number of villages so that they represent the population. The number of villages in

Tanggamus Regency are 302 units. From this number, the sample calculation is carried out using the slovin formula with a 95% confidence level and a margin of error of 10%, so that a sample of 100 villages was obtained. The determination of MSMEs is adjusted to the distribution of village samples in Tanggamus Regency. The distribution of the questionnaires is carried out in the period June – September 2021.

The sampling technique was carried out by purposive sampling method, namely the sampling technique based on criteria. The sample criteria in this study are MSME actors who have been in business for more than 3 years. These criteria are intended to see the impact of the Covid-19 pandemic so that the impact can be seen from 2019-2021.

Instrument Test Results

Before the data was analyzed, the research instrument was tested for validity in order to know whether the instrument could be understood by the respondent so that there was no data bias. Testing the validity using SPSS 26 with the Pearson method. The level of significance was determined by one tailed test. Based on the calculation, it can be seen the test results as follows:

The validity test in this study was calculated using the SPSS 26.0 program. by testing each item statement of each variable. This research was conducted with an rtable value of 0.349. An instrument is said to be valid if the value of rcount is greater than r table ($r \text{ count} > r \text{ table}$). The results of the calculation of the validity coefficient for each variable in this study can be seen in Table 2 below:

Table 2.
Partial Test Results

NO	ITEM	R count	R table	Description
1	AS1	0,645	0,1663	Valid
2	AS2	0,786	0,1663	Valid
3	AS3	0,607	0,1663	Valid
4	AS4	0,774	0,1663	Valid
5	AS5	0,757	0,1663	Valid
6	AE1	0,771	0,1663	Valid
7	AE1	0,716	0,1663	Valid
8	AE1	0,804	0,1663	Valid
9	AE1	0,909	0,1663	Valid
10	AE1	0,860	0,1663	Valid
11	DO1	0,861	0,1663	Valid
12	DO2	0,829	0,1663	Valid
13	LO1	0,916	0,1663	Valid
14	LO2	0,749	0,1663	Valid
15	LO3	0,789	0,1663	Valid

NO	ITEM	R count	R table	Description
16	CO1	0,688	0,1663	Valid
17	CO2	0,768	0,1663	Valid
18	CO3	0,737	0,1663	Valid
19	EX1	0,859	0,1663	Valid
20	EX2	0,811	0,1663	Valid
21	EX3	0,773	0,1663	Valid
22	MOC1	0,792	0,1663	Valid
23	MOC2	0,883	0,1663	Valid
24	MOC3	0,842	0,1663	Valid
25	MOC4	0,865	0,1663	Valid
26	MI1	0,873	0,1663	Valid
27	MI2	0,858	0,1663	Valid
28	MI3	0,841	0,1663	Valid
29	RMO1	0,821	0,1663	Valid
30	RMO2	0,811	0,1663	Valid
31	RMO3	0,792	0,1663	Valid
32	EK1	0,554	0,1663	Valid
33	EK2	0,626	0,1663	Valid
34	EK3	0,541	0,1663	Valid
35	EK4	0,679	0,1663	Valid

Based on table 2, it can be seen that all statements in this research instrument have a calculated r value that is greater than r table so that it can be continued into testing the research hypothesis.

Multiple Linear Regression Test Results

Based on the calculation results, an equation can be drawn based on the Coefficients table from multiple linear regression testing. Multiple linear regression equation model as follows:

$$Y = \alpha + \beta X_1 + \beta X_2 + \beta X_3 + \beta X_4 + \beta X_5 + \beta X_6 + \beta X_7 + \beta X_8 + \beta X_9 + \epsilon$$

Description:

Y : E-Loyalty

α : constant

β : regression coefficient

X1 : social adaptation

X2 : economic adaptation

X3 : diversity oriented

X4 : locality

X5 : collaboration

- X6 : exploration
- X7 : market-oriented culture
- X8 : market information
- X9 : responsiveness market oriented

**Table 3.
Regression Test Results**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.285	.629		2.043	.044
		TOTAL_AS	-.273	.159	-.298	-1.715
	TOTAL_AE	.430	.167	.410	2.575	.012
	TOTAL_DO	.063	.100	.064	.632	.529
	TOTAL_LO	.128	.085	.179	1.511	.134
	TOTAL_CO	.278	.087	.344	3.195	.002
	TOTAL_EX	.032	.098	.042	.329	.743
	TOTAL_MOC	-.101	.086	-.156	-1.173	.244
	TOTAL_MI	.032	.110	.047	.289	.773
	TOTAL_RMO	.092	.105	.120	.873	.385

a. Dependent Variable: TOTAL_EK

The results of multiple linear regression:

$$Y = 1,285 - 0,273X_1 + 0,430X_2 + 0,063X_3 + 0,128X_4 + 0,278X_5 + 0,032X_6 - 0,101X_7 + 0,032X_8 + 0,092X_9 + 0,629$$

1. If there is an increase of 1 unit in the social adaptation variable, then the people's economy will decrease by 27.3%
2. If there is an increase of 1 unit in the economic adaptation variable, then the people's economy will increase by 43% and is significant.
3. If there is an increase of 1 unit in the diversification-oriented variable, then the people's economy will increase by 0.63% but not significant because the increase is small
4. If there is an increase of 1 unit in the locality variable, then the people's economy will increase by 12.8% but not significantly
5. If there is an increase of 1 unit in the collaboration variable, then the people's economy will increase significantly by 27.8%.

6. If there is an increase of 1 unit in the exploration variable, the people's economy will increase by 3% and is not significant.
7. If there is an increase of 1 unit in the market oriented culture variable, then the people's economy will decrease by 10.1% but not significantly.
8. If there is an increase of 1 unit in the market information variable, then the people's economy will increase by 3.2% but not significantly
9. If there is an increase of 1 unit in the Responsive Market Orientation variable, then the people's economy will increase by 9.2% and is not significant

Hypothesis testing

This test is used to determine whether in the regression model the independent variables of globality (transnational), namely social adaptation, economic adaptation, diversity oriented, locality, collaboration, exploration, market oriented culture, market information, market oriented responsiveness (X) partially affect the economic model. citizenship (Y). The partial t-test can be formulated as follows (Sugiyono, 2010).

$$t = \frac{\alpha}{2}$$

Information:

t = statistic t with degrees of freedom n-1

α = the level of confusion in the study, in this case 5%

The formula for determining df is:

$$df = n - 2$$

Information:

n: many observations

The basis for making decisions according to Priyatno (2012:144) are:

- a) If $t_{count} < t_{table}$ then H_0 is accepted and H_a is rejected. If $t_{count} > t_{table}$ then H_0 is rejected and H_a is accepted.
- b) If probability > 0.05 then H_0 is accepted and H_a is rejected. If probability < 0.05 then H_0 is rejected and H_a is accepted.

Based on the test, the test results can be seen as follows:

F test (simultaneous)

To determine the level of significance of the influence of the independent variables simultaneously on the dependent variable, the F test was carried out by comparing F between F count and F table. The F count formula is as follows:

$$F = \frac{R^2/k}{(1-R^2)/(n-k-1)}$$

Information:

R² : coefficient of multiple correlation

K : number of independent variables

N : number of samples

Based on the test results, it can be seen that the results of simultaneous testing to analyze the X variable model are as follows:

Table 4.
Simultaneous Test Results

No	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	9,294	9	1,033	4,972	0.000 ^b
	Residual	18,484	89	0,208		
	Total	27,778	98			

Based on the reality in the field, it shows that the low significance of most of the variables does not apply because there is a gap between the theoretical concept and the reality that should exist. Indications of the invalidity of some of these variables are because people's economic business actors do not fully understand the variables in question. This misunderstanding leads to not taking actions that should lead to variables so that the level of survival and success of people's economic business actors is very low.

Meanwhile, the success of the people's economy in establishing themselves as entrepreneurs is determined by their ability to withstand various changes. People's economic actors must be able to fully apply the variables contained in the theoretical concept of the people's economy, namely being able to adapt socially and economically and be oriented to the diversity of national products and to develop quality products internationally.

Then collaborate between business actors at the village, regional, national and international levels so that they are able to explore their potential to be developed so that they can be accepted on a wider scale. Product orientation must be adapted to local culture and oriented according to broad market values. Media information related to local products must be able to be made attractive in order to attract consumers widely in order to increase the people's economy to grow positively and sustainably. Meanwhile, in 2020 when the COVID-19 pandemic occurred, NTP was at 71.09 or it could be said to have decreased significantly (results of interviews with the food security, food crops and horticulture offices of Tanggamus Regency). Therefore, the local government created a program to connect MSMEs and cooperatives engaged in agriculture with distribution companies.

Conclusion

1. To create MSMEs that are able to survive and run in a sustainable manner, it is necessary to have an empowerment model that is oriented towards the ability of the community or people's economic actors to be able to adapt socially. This is intended to stimulate MSME actors so that they are able to develop a broad business network.
2. Furthermore, a policy that is oriented towards the full digital economy is needed so as to be able to create a wide network of work. To create this network, a collaboration between subsystems of business actors is needed that can connect producers, distributors, and consumers.
3. Then it is necessary to build supporting facilities to present media information about the products produced. It aims to create branding and labeling of MSME products and cooperatives in Tanggamus district so that they are widely known by consumers. To create this, concrete actions that can be taken are building internet network infrastructure to remote village levels in Tanggamus Regency.

Suggestion

1. Strengthening locality-based MSME products through standardization of raw materials by the Department of Food Security, Food Crops and Horticulture, the Department of Fisheries and the Department of Plantations and Livestock.

2. Creating a road map (distribution) of MSME products so that they can be accessed by consumers outside the area by the Tourism and Culture Office, the Trade Office, the Industry and Trade MSME Cooperative Service.
3. Increasing the competence of MSME actors in accessing digitalization as an effort to expand the market, product packaging, and service quality to consumers by the Social Service, Community Empowerment Service and Tourism and Culture Office

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