

Hierarchy Analysis of Processes and Strategies for Strengthening Small and Medium Enterprises After New Normal in West Halmahera Regency

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Abstract

One of the main drivers of the economic sector to strengthen the economic foundation and support the community's economy. However, in the business process, there are many problems including not optimal use of local resources and relatively low quality of energy. In line with this description, the formulation of the problem is: How is the Hierarki Process of supporting and inhibiting factors in the development of MSEs, and how the development strategy, business capital, labor, business networks, availability of raw materials, and the use of technology after the new normal, The purpose of this study is to see the extent of the role of MSMEs after the new normal in facing competitive entrepreneurial dynamics in facing economic competition. The research uses SWOT analysis, to see weaknesses, strengths, opportunities and challenges in economic problems in MSMEs. Then also use the AHP analysis tool, to explain how the process, infrastructure, and human resources in accessing technology information, and capital budgets as needed in addressing the dynamics of information technology in post-new zero economic needs with the target that all MSME actors can access needs both through fellow inter-district and provincial management partners and the role of banking, in providing capital in terms of regulations that ease the burden on MSMEs in West Halmahara Regency.

Keywords: Hierarchy, Analysis of MSME, Strengthening Process, Post New Normal.

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INTRODUCTION

When the economic crisis occurred Changes in Economic Structure During Covid-19, People Were Very Depressed in why the economy as a whole, most of the large-scale industrial raw materials in Indonesia still depend on local imported supplies from Java, Sulawesi, Bali, Therefore, causing the cost of raw materials to rise due to the falling value of the rupiah against the dollar exchange rate (Primatami & Hidayati, 2019). Micro and Small Enterprises (MSEs) were indeed affected by the impact of the crisis, but this did not last long, because relatively few used imported raw materials. That is why during the economic crisis many large companies collapse, while micro and small businesses are

relatively able to survive, even their growth shows an increase (Dörr et al., 2022; Eggers, 2020; Naradda Gamage et al., 2020; Shafi et al., 2020).

Economic strengthening and the role of MSEs in this area are very important, especially as a source of growth in employment opportunities or income. This fact shows that the job opportunities the business group creates are far greater than the workforce absorbed by large businesses (UB). Economic constellations during the New Normal All activity is greatly increased from all sides shown at this time. In an effort to strengthen the economic foundation of North Maluku, specifically West Halmahera Regency, the MSE sector is a strategic choice. Basically, because the sector plays an optimal role as the economy's main driver.

Covid-19 can be concluded Economic Life can live and it depends on how the attitude to face this good new normal situation is a business opportunity that can reach the lower layers of society, and emphasizes that policies that concentrate on developing MSEs are an important alternative to anticipate various economic problems that have occurred so far, as well as being a constitutional demand in empowering various economic sectors to scale MSEs (Risnawati, 2018).

On the other hand, the advantages of MSEs can participate in global production and marketing networks, even MSEs have better resilience to crises, because MSEs tend to utilize local resources including human resources, capital, and raw materials as well as organizational structures, MSE workers are more flexible in adjusting to market changes. This flexibility makes MSEs the main source of livelihood for most communities (Kementerian Koperasi dan UKM RI:2018).

Seeing the huge potential of MSEs in Indonesia, the government is time to make MSEs the backbone of the national economy. The great potential of this sector can have a big leap effect on the Indonesian economy, namely from an economy that relies on natural resources (SDA) to a creative economy (Tambunan, 2012).

One of the directions of development towards this vision related to MSEs is explained that the development of SMEs and Cooperatives is directed to develop into economic actors with competitive advantage through strengthening entrepreneurship and increasing productivity supported by efforts to increase adaptation to market needs, utilization of innovation results and application of technology (Tanjung, 2017; Ummi & Ismail, 2017; Waluyo, 2018). SME development is an integral part of structural changes in line with the modernization of agribusiness and agro-industry, especially those that support food security, as well as strengthening the production base and industrial competitiveness, among others through cluster development patterns, accelerating technology transfer, and improving the quality of human resources. Meanwhile, developing micro-enterprises is a strategic choice to reduce income inequality and poverty (Azzahra et al., 2024). Cooperatives are developing more broadly into an effective vehicle in creating collective efficiency of cooperative members, both producers and consumers, to become economic actors who can improve social and economic welfare.

In North Maluku Province, MSEs are the largest economic group in the North Maluku economy. From the results of the Economic Census (SE) 2016-continued in Badan Pusat Statistik (2021), This number of businesses reached 98.84 percent of the total non-agricultural businesses in North Maluku. This business is the choice of most people because it does not rely on imported raw materials and utilizes local resources both in terms of human resources, capital, raw materials, and equipment.

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This is marked by the large contribution of the MSE sector to the formation of Gross Domestic Product (GDP). The following is a table of the development of micro and small enterprises, employment, Income and Working Capital in 2019-2021.

Table 1 Data on the Development of Micro and Small Enterprises Industry, Income, Capital, and in the Last Three Years Post Newnormal.

No	District	Many	Years, 2019	Years 2020	Years 2021	Average	%
	West Halmahera Many industries	micro and small businesses					
1	Spread in the subdistrict	Total worker	2,280	2,501	2,620.	2,47	1,35
2	Spread in the subdistrict	Income	991.098.986	101. 896 879	102. 804 903	398.600	83,47
3	Spread in the subdistrict	Business Capital	850.000.000.	950.000.000	1,500.000.000.	600.5	55,50
Total			Total worker 7401	Total income. 1,195.800.779	Total Modal Usaha,1801.500.000.	-	-

Source : BPS District West Halmahera Industry Profiles and Small and Micro
Businesses

From the results of the Observation of the Development of Micro Small Enterprises grew with an average absorption of labor as much as 2.47 with a percentage rate of 1.35 percent per year, from the total absorption of labor for 3 years as many as 7,401 people. followed by the results of the Observation of the Development of Micro Small Enterprises grew with an average income range of 398,600 with a percentage rate of 83.47 percent per year, from the total absorption of Revenue Receipts for 3 years of 1,195,800,779 billion rupiah. This can also be seen in the capital spent on average per year as much as Rp 600.5 by growing the percentage of capital spent by 55.50 percent of the total budget capital of 1,801,500,000, billion for three years.

As a business that is mostly driven by the lower middle class population, the distribution of the number of MSEs also follows the distribution of the population. Ternate City with a population of almost one-fifth of the population of North Maluku is still a concentration of MSEs. The number of MSEs in the Ternate City area reached 24 percent. South Halmahera, North Halmahera and Tidore Islands are three regions with more than 10 percent MSEs in North Maluku. Conversely, areas with the number of MSEs that are still below 10 percent are West Halmahera, Sula Islands, East Halmahera, Central Halmahera, and Morotai Island, and the smallest is on Taliabu Island which only reaches 3 percent. This indicates that the dominance of the number of MSE activities in each region is the driving force of the regional economy. Because according to Tambunan (2022), this distribution shows the role of MSEs to spread business activities in all regions.

In West Halmahera Regency with a recorded area of 14,823.16 km² with a land area of 2,361.56 km² and sea area of 12,461.60 km². West Halmahera Regency has 9 sub-districts including Jailolo, South Jailolo, East Jailolo, Sahu, East Sahu, Ibu, South Ibu, Tabaru, and Loloda. The center of the capital of West Halmahera Regency is Jailolo.

The population of West Halmahera Regency in 2017 was 114,502 people, of which the male population amounted to 58,486 people and the female population was 56,016 people with the largest population in Jailolo District, which was 31,404 people or 27.43 percent of the total population in West Halmahera Regency (BPS, 20).

In the context of MSE development, the missions that can be described against the vision of the RPJMD of West Halmahera Regency for 2016-2021 include: (1) Improving the regional economy with competitiveness based on the agricultural, fisheries, tourism and cultural industries with people's economic education; with the aim of (a) improving the quality and quantity of land, sea and air transportation facilities and infrastructure; (b) improve and strengthen community institutions in rural areas in information technology knowledge; (c) improve quality in the management of industry-based agricultural potential; (d) improve quality in the management of industry-based marine and fisheries potential; (e) improving quality in the management of tourism potential based on home industries and creative economy; (f) improve the quality in the management of local cultural potential in order to attract tourist visits; (g) increase local original revenues in the context of fiscal independence of local governments; and (h) provide various data and information on various potential advantages for preparing regional development planning.

In addition, there are other missions, namely (2) Accelerating economic development by encouraging regional investment growth combined with cooperatives, the development of modern traditional markets. With the objectives of (a) increasing performance achievement targets in the field of investment in an effort to encourage economic growth; (b) improve and strengthen the institutions of cooperatives, small and medium enterprises in order to face global competition; (c) increase the quantity and quality of traditional and modern markets in the framework of global competition; (d) improve and develop the quantity and quality of sea transportation facilities and infrastructure in order to realize sea tolls and maritime axis; (e) improve the quality and quantity of development of marine and fisheries facilities and infrastructure in order to encourage the potential of fisheries to compete in the era of globalization; (f) increase economic growth, GDP, per capita income of people in an effort to improve their welfare, and (g) reduce the level of inequality between regions and regional inequality.

Table 2. Synchronization Matrix of Central and Regional SMEs of the Ministry of Cooperatives and MSEs, Provincial and City/Regency Offices of West Halmahera Regency in 2022

No	Ministry of Cooperatives and SMEs	North Maluku Province	West Halmahera Regency
Program/Event			
1	Revitalization of traditional markets, including in underdeveloped areas;	Supervision and planning	Traditional Market
2	Managerial Training	-	-
3	Popularization and entrepreneurship development	Socialization and training	Socialization of cooperatives and SMEs
4	Development of KUMKM integrated business service center (PLUT)	-	-
5	Expansion of KUR through socialization and assistance to access KUR	Socialization	Socialization of small and micro businesses

6	Revolving fund disbursement	Money	Supervision
7	Arrangement of street vendor business facilities	-	
8	Facilitation of promotion of domestic and foreign KUMKM products	Product Identification	Inventory of street vendors
9	Increasing the productivity and quality of KUMKM through socialization, TTG, and the application of ISO / SNI, HAKI, and halal product standards	IPR Socialization	Promotion of featured products
10	Field cooperative escort (PPKL) and UMKM companion	Cooperative institutional coordination	PPKL energy building and companionship
11	Beginner hero program	-	Entrepreneur beginner (WP)

Source : West Halmahera Disperindagkop, 2022

Then on the other hand, the West Halmahera Regency area is very agrarian so that it strongly encourages the development of MSEs through the use of local resources in the form of agricultural raw materials (hasyim, 2013). The following is data on the development of MSEs in West Halmahera Regency for 2016-2022.

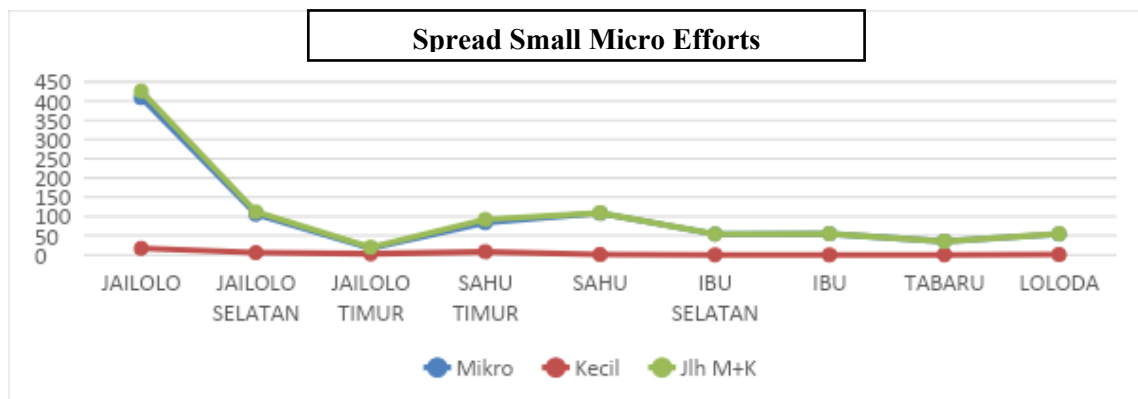


Figure 1 Development of Micro and Small Enterprises (MSEs) after the New Normal West Halmahera Regency, consisting of Trade, Agriculture, Non-Agriculture, and various Services, sub-districts

Source : West Halmahera Disperindagkop, 2022

Based on these data, it shows that the development of the number of MSEs in the business sector from 2023 has increased, namely with the number of UM of 409 units and Small Businesses of 17 units. Of the number of units, the MSE sector dominates in Kec. Jailolo Service sector with a total of 426 business units including Trade, Agriculture, Non-Agricultural and various services for the trade sector totaling 112 business units including basic food businesses and building materials businesses, and non-agricultural sectors totaling 109, this is located in Sahu sub-district among which businesses are in the third top order, in Agricultural, non-Agricultural and various services trade and the agricultural sector only 92 business units including Agriculture and non-Agriculture found Fourth place in the sub-district.

From the data above, it indicates that the development of MSEs has not been fully supported by the use of local resources, as explained by Tambunan (2012) MSEs should be intensive in the use of local resources because many locations are in rural areas which

allows the growth of MSEs to have a positive impact on reducing poverty, equity in income distribution and added value from the agricultural sector and rural economic development. On the other hand, the development of MSEs in West Halmahera Regency has not been supported by human resources. Due to the characteristics of MSEs, one of them has an abundant workforce among them, including workers whose education strata are quite low. Hasyim (2013) revealed that MSE managers who have knowledge and experience will provide added value in the form of product development and business development.

The target in this study is MSEs in West Halmahera Regency. The sampling of MSEs totaling 30 businesses was randomly taken from the distribution of MSEs based on each sub-district in West Halmahera Regency. In table 3. It can be seen the distribution of MSEs in West Halmahera Regency, where Jailolo sub-district has the highest number of MSEs at 426 business units while the lowest is in East Jailolo sub-district at 20 business units. The purpose of this study is to determine the inhibiting and supporting factors in the development of MSEs in the post New Normal and find out the strategy of the Hierarchy Analyst of the Post-New Normal MSE development process in West Halmahera Regency.

RESEARCH METHODS

The location of this study is West Halmahera Regency, North Maluku Province. There are nine sub-districts in the district, namely: Jailolo, South Jailolo, East Jailolo, Sahu, East Sahu, Ibu, South Mother, Tabaru and Loloda. The approach in this study is a qualitative approach to explore respondents' responses to objects based on the questionnaire given. According to Sugiyono (2017), the qualitative approach makes it easier for researchers to explore the object/situation under study.

Data analysis techniques in this study use internal analysis methods, external analysis and analysis SWOT (Strengths, Weakness, Opportunities, Threats).

RESULT AND DISCUSSION

Analysis Strengths, Weakness, Opportunities, Threats (SWOT)

Tabel1 Internal factors affecting the development of MSEs in West Halamhera Regency

No	Internal Factors
<i>Strength</i>	
1	Absorption of labor
2	Production Time Efficiency
3	Utilization of online media
4	Strategic, safe, and comfortable place
5	Help and support from the government
<i>Weakness</i>	
1	Low level of education and workforce skills
2	Weak business management factors
3	The equipment used is still manual and Simple
4	There is no cooperation between MSEs

Table 2 External factors affecting the development of MSEs in West Halamhera District

No	External factors
Opportunities	
1	Abundant raw materials available
2	The amount of demand/breadth of market competition
3	Partner with governments/other parties
4	Entrepreneurship training programs
5	Production differentiation and innovation
Treats	
1	More competitors from other districts/cities
2	Limitations of raw materials
3	Crisis due to covid factor
4	The ever-increasing price team of raw materials

MSE development is carried out by looking at 40 internal and external factors. After grouping some 40 internal and external factors, the next step is to compile an IFAS and EFAS analysis matrix based on the results of questionnaires distributed to respondents. IFAS and EFAS assessments are carried out by multiplying weights and weight ratings. Weights are calculated from 0.0 (not important) to 1.0 (very important). The sum of weights for strength and weakness is 1.00 as well as the sum of opportunities and threats weights is also 1.00.

Analytic Hierarchy Process (AHP)

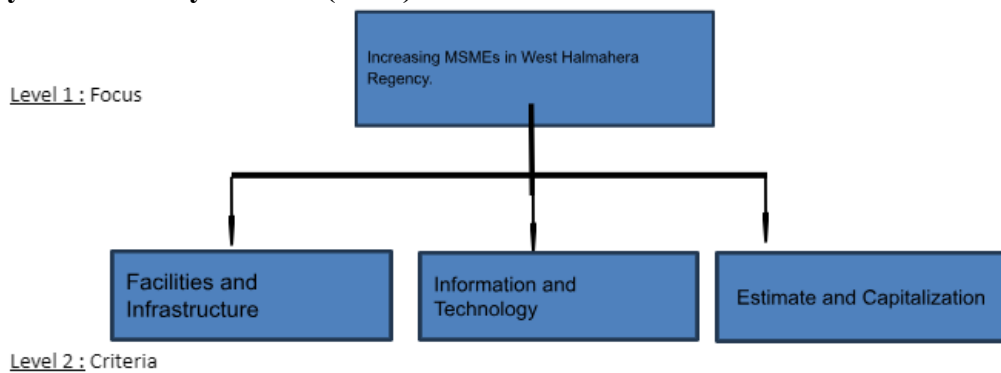


Figure 2

AHP decision hierarchy in determining the strategy to increase the development (Micro, Small and Medium Enterprises) of MSMEs in West Halmahera Regency

The final result of the Analytic Hierarchy Process using the expert choice application, can be seen after all weighting has been completed. The inconsistency ratio obtained from the results of weighting criteria and alternatives is below 0.03 which shows CR, that the quality of information and technology obtained from respondents in this study is very good and reflects the consistency of respondents in assessing various criteria

that are influential in the preparation of micro and small enterprise (MSE) development strategies for West Halmahera Regency.

SWOT analysis approach with the interaction of IFAS and EFAS matrices to obtain the most suitable strategy alternatives. Alternative strategies are generated from the SWOT analysis, then a priority scale of importance is selected among the problems raised at each level, using the AHP model analysis. The results of the AHP analysis will be recommendations for alternative policy strategies in decision making to achieve the expected goals.

The MSE development strategy of West Halmahera Regency can be divided into four groups, namely SO, WO, ST and WT strategies. Each strategy has different advantages and priorities. This is related to internal and external factors that have a major influence on the development of MSEs in West Halmahera Regency. The results of the formulation of IFAS and EFAS matrices, based on SO, WO, ST and WT strategies, are weighted assessments to determine the priority scale. The SWOT matrix that has been prepared based on the weight of the priority scale, then a development strategy is prepared by utilizing strengths and opportunities as well as overcoming weaknesses and minimizing possible threats.

Prioritization of alternative policies in the context of developing MSEs in West Halmahera Regency is carried out using AHP (Analytical Hierarchy Process) analysis. The reason for choosing AHP is because this method can be more clearly illustrated by various decision-making variables taken in determining alternative priorities for MSE development strategies. In determining the decision variables analyzed using AHP, the consideration used is to prioritize the strategies that have been produced in the SWOT analysis.

The main priority of the West Halmahera Regency MSE development strategy is to increase business capital to develop productivity. Based on observations and interviews with MSE actors in West Halmahera Regency, most of the business capital used comes from personal funds. This indicates that MSE actors need additional capital. So that the potential to develop the business through additional capital from other sources such as bank credit or cooperatives will encourage their business development.

However, according to Afiantara et al (2019) stated that it is necessary to create an ideal pattern of lending / financing for MSEs. In this context, ideally, the financing pattern for MSEs must be able to educate them to develop, have easy and simple biocracy and an easy credit network. For MSEs, credit must be interpreted as a stimulus and temporary capital injection. Lending must be able to encourage production which will eventually put capitalization together. In increasing production can mean an increase in people's income which ultimately has an impact on increasing welfare. On the basis of this increase in productivity, savings will also increase.

Ease of access to capital will encourage business people so that they can create new business opportunities. On the other hand, the ease of accessing capital will also reduce risks in running a business. Capital is a very important aspect for a business, because with capital a business can develop and improve business production performance.

The second priority is to improve business management and use appropriate technology. Business management activities implemented by MSEs are still simple. Most business actors have not separated business and personal finances. This is due to the limited ability of human resources of business actors and workers in MSEs in West Halmahera Regency, most of whom have elementary school education and rely on soft skills or work experience. Asril (2013) in Kurnia (2022) stated that the low quality of

MSE human resources is generally caused by the education level of MSE entrepreneurs. Therefore, the use of appropriate technology is very useful for the development of MSEs with limited human resources.

In this context, the process of appropriate technology transfer is one of the core challenges. According to Budiarto et al (2015), in the process it is necessary to consider factors including small investment, utilization of local materials, labor-intensive, small-scale, understandable, controlled, and maintained MSEs, Can be produced by local resources and Provide opportunities for local products involved in modifying and innovation processes. In addition, the government should actively provide training technical assistance. For example, training (hard skills) intended to improve HR skills and abilities.

The third priority is to improve infrastructure and entrepreneurial training to create innovative products. The provision of facilities and infrastructure is one of the supports for the development of MSEs by means of the government can provide entrepreneurship training places for people who want to do business and business actors who want to develop their businesses. This is in line with Anggraeni's opinion (2013) that the provision of consultation facilities for people who have problems in their business.

The last priority is to expand business networks through the use of online media and cooperate with MSEs / other parties. In the face of an increasingly open and competitive market mechanism, market control is a prerequisite to increase the competitiveness of MSEs. In order to master the market, MSEs need to get information easily and quickly. Thus, MSEs can anticipate various market conditions so that in running their business they will be more innovative. Therefore, the role of the government is indispensable in encouraging the success of MSEs in gaining access to expand their marketing networks. In addition to having ease and speed in obtaining market information, MSEs also need to have ease and speed in communicating or promoting business to consumers widely both within the region and outside the region.

CONCLUSION

Based on the results of research on MSEs in West Halmahera Regency, there are supporting and inhibiting factors for the development of MSEs in West Halmahera Regency. The supporting factor for the development of MSMEs is the large number of raw materials available. There is a large number of manpower. Efficient production time. while the inhibiting factor is that the level of education and skills is still relatively low. Low access to capital in financial institutions. The lack of supporting infrastructure for MSEs. Business management has not been maximized.

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