



MICRO SMALL ENTERPRISES (SMEs) DEVELOPMENT STRATEGY FOR CREATIVE INDUSTRIES IN TASIKMALAYA CITY

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Abstract

Tasikmalaya City is one of the cities with a rapidly growing number of micro and small creative industry businesses in West Java Province. However, growth in micro and small industrial enterprises does not guarantee progress for the city because there are still several inhibiting factors to the progress of the sector industry, such as low-quality human and managerial resources, difficulty in accessing capital, and competition with similar businesses, which affect the competitiveness of production. The data used in this study include primary and secondary data with analysis using descriptive analysis methods, IFE, EFE, and IE matrices, SWOT analysis, and QSPM analysis. Based on the results of the IFE analysis (2.74) and EFE (2.88), the development strategy for micro and small businesses in the creative industry is in quadrant V. Namely, the strategy needed is to maintain business stability, strengthen competitiveness, and increase efficiency. The SWOT analysis produces three main strategies, namely product and market diversification, the establishment of workshops or studios that are tourist destinations, and incentive and incubation programs. The best strategy based on QSPM is product and market diversification, with the highest TAS value (6.22).

Keywords: Creative Industry, QSPM, SWOT, Micro and Small Enterprises

INTRODUCTION

According to the Central Statistics Agency (2023), the number of micro and small businesses (SMEs) in Indonesia in 2023 was 4,500,584 businesses, and had successfully contributed to the national GRDP of 614,880 million rupiahs. West Java Province is the second province with the most significant number of micro and small businesses in Indonesia, namely 862,926, with the top 5 micro and small business industries according to the Indonesian standard business classification (KBLI) being the food industry, manufacturing industry, textile industry, creative industry, and other processing. Tasikmalaya City is one of the areas in West Java Province that has rapidly growing micro and small businesses (Syti, 2020). Micro and small businesses are included in labor-intensive companies that play an essential role in creating jobs and driving the economy at the local level (Central Statistics Agency 2023) so that the growth of micro and small businesses that run optimally can help increase economic development and the welfare of the existing community because this growth can create jobs (Teka, 2022).

The characteristics possessed by micro and small business actors consist of limited capital, utilization of labor from family members, and good adaptability to changes in the local market, making these businesses great opportunities to continue to grow and develop in poor economic conditions, for example during Covid-19 (Nuryadin*et al.* 2022). Some of the leading products of the creative industry produced by micro and small business actors in Tasikmalaya City include batik, embroidery, sandals, umbrellas, processed wood, and other processed products (Darusman, 2016). Although Tasikmalaya City is in a strategic location, the growth of micro and small businesses in the creative industry does not guarantee progress for the city because there are still several inhibiting factors to the progress of the creative industry sector (Nuryadin*et al.* 2022). Its ability to absorb labor that an increase in business competitiveness has not accompanied is one of the causes of the growth that has not positively impacted Tasikmalaya City because labor absorption is not optimal (BPS 2023). Based on this, it can be concluded that the condition of micro and small businesses in the creative industry in Tasikmalaya City is still faced with various problems originating from internal and external factors such as the low quality of human and managerial resources, difficult access to capital and competition from similar businesses that affect production competitiveness (Aysa, 2020).

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The number of micro and small business actors registered with the Tasikmalaya City KUMK Perindag Service in 2023 was 15,002 business actors. Seeing this number, the development of MSMEs carried out optimally can be a significant activity to realize the people's economy and positively impact the local economy (Syti, 2020). However, the micro and small business actors in Tasikmalaya City cannot overcome this properly. In that case, the growth of micro and small businesses that continues to occur every year can cause new problems, namely the increasing level of competition between similar companies, which is exacerbated by the low purchasing power of the community, so that the products produced cannot be adequately distributed (Nurlela & Diana, 2021). With several problems experienced by business actors, they cannot develop their businesses and choose to survive with the current business scale (Sihombing, 2023).

Efforts that the Tasikmalaya City Government has made to assist the development of micro and small businesses in the creative industry have been carried out, but to make these efforts run optimally, annual and continuous evaluations must be conducted according to current conditions and circumstances. By looking at these conditions, it is necessary to conduct research on the development strategy for micro and small businesses in the creative industry in Tasikmalaya City with the following objectives: 1) Identifying the conditions of micro and small businesses in the creative industry in Tasikmalaya City; 2) Analyzing internal and external factors of problems of micro and small businesses in the creative industry in Tasikmalaya City; 3) Formulating a strategy for developing micro and small businesses in the creative industry in Tasikmalaya City.

LITERATURE REVIEW

Creative Industry

The creative industry is an economic sector that relies on creativity, skills, and individual talents as the main capital for creating existing added value (Widyastuti & Setiawati, 2020). In Indonesia, this concept was further developed by the government through the Ministry of Tourism and Creative Economy, which groups the creative industry into 17 sub-sectors, including culinary, crafts, fashion, applications, etc.—in the research of Nugroho and Santoso (2019) stated that creative industry players in Indonesia are currently still faced with problems such as lack of regulatory support and inadequate infrastructure. So, based on this, a harmonious synergy is needed between the government and related parties sustainably.

Micro Small Enterprises (MSEs)

According to Government Regulation of the Republic of Indonesia Number 7 of 2021 concerning the facilitation, protection, and empowerment of Cooperatives and Micro, Small, and Medium Enterprises (MSMEs), it is a business owned by individuals and/or private business entities that are productive and meet the following criteria:

- 1. Micro businesses have business capital of up to a maximum of IDR 1,000,000,000 (one billion rupiah), excluding land and buildings where the business is located, and have annual sales results of up to a maximum of IDR 2,000,000,000 (two billion rupiah).
- 2. Small businesses are businesses that have business capital of more than IDR 1,000,000,000 (one billion rupiahs) up to a maximum of IDR 5,000,000,000 (five billion rupiahs), excluding land and buildings where the business is located and have annual sales results of more than IDR 2,000,000,000 (two billion rupiahs) up to a maximum of IDR 15,000,000,000 (fifteen billion rupiahs).

Research Framework

The growth of SMEs in Tasikmalaya City in the last 5 years has experienced rapid development. However, it has not been able to provide an optimal impact on economic growth and the welfare of the surrounding community (Syti, 2022). The low quality of human resources and competitiveness make the city's strategic location unable to revive the existing creative industry SMEs and weaken the condition of SMEs in the city. Seeing this phenomenon, researchers will conduct research by identifying the conditions of creative industry SME actors in Tasikmalaya City; then, researchers will analyze the problem factors faced, which will then be processed through the IFE, EFE, IE matrices and SWOT analysis.

Suppose this researcher already know the answer from the analysis that has been done. In that case, the researcher will formulate a strategy for developing creative industry SMEs in Tasikmalaya City using QSPM analysis. In summary, the framework of thought in this study is shown in Figure 1 below:

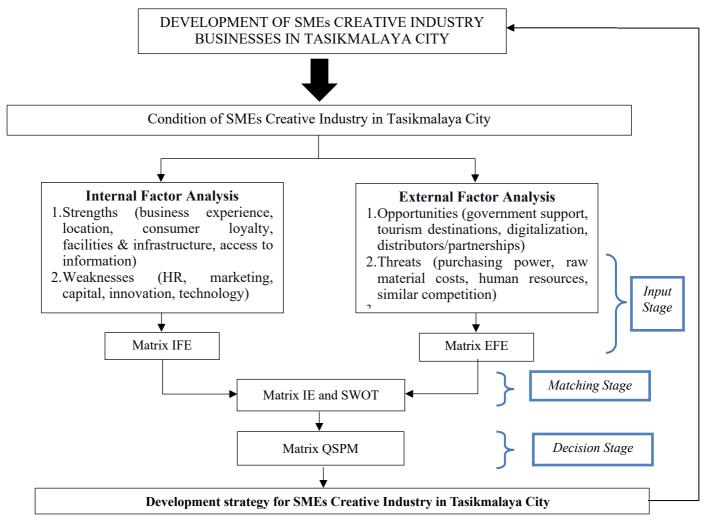


Image 1 Research Framework

METHOD

Time and Place of Research

This data was collected in Cipedes District and Tawang District, Tasikmalaya City, for 7 months from July 2024 to February 2025. The location was selected randomly. Purposive considering that Cipedes District and Tawang District are two of the districts in Tasikmalaya City that have the most significant number of micro and small business actors in the creative industry sector and based on the Tasikmalaya City Regional Development Plan (RPD) for 2023-2026, both districts are included in the City Area Section (BWK) with local trade (micro) and small and medium industry functions.

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Method of collecting data

The data for this research was collected from literature studies and in-depth interviews to determine the problem factors faced by micro and small business actors in Tasikmalaya City. The selection of sources uses the method purposive sampling, with key informants who have a significant role in the growth of micro and small businesses, namely the Head of the KUMK Perindag Service, Head of the Regional Economy and Infrastructure Division of Bappelitbangda, and the Person in Charge of the Kiwari BI UMKM creative gallery to fill out the SWOT and QSPM analysis questionnaires and SMEs actors in Cipedes District and Tawang District totaling 30 business actors who have NIB, have been running a business for at least 10 years and are engaged in the creative industry to fill out the SMEs actor questionnaire.

Data Analysis Methods

Matrix Internal Factor Evaluation (IFE)

The IFE matrix determines internal factors related to strengths and weaknesses that are considered significant to developing existing SMEs actors (Mukhlasin and Pasaribu 2020). The display in the IFE matrix can be seen in Table 1 below:

Table 1 Matrix Internal Factor Evaluation (IFE)

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Internal Factor	Weight	Score	Weight Score	
Strenghts		Scale 3 – 4	Weight x score	
Weakness		Scale $1-2$	Weight x score	
Total	1,00			

Matrix External Factor Evaluation (EFE)

The EFE matrix determines external factors related to opportunities and threats that are considered significant for the development of SMEs actors, such as economic, social, cultural, environmental, political, governmental, legal, and technological aspects, as well as competition in the industry market (Mukhlasin and Pasaribu 2020). The display in the EFE matrix can be seen in Table 2 below:

Table 2 Matrix External Factor Evaluation (EFE)

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External Factor	Weight	Score	Weight Score
Opportunities		Scale 3 – 4	Weight x score
Threat		Scale 1–2	Weight x score
Total	1,00		

IE Matrix

The IE Matrix maps the total weighted score from the EFE and IFE matrices generated from previous data processing. This matrix consists of quadrants I, II, or IV, which can be interpreted as the position of growth and build; for quadrants III, V, or VI, it can be construed as the position of hold and maintain; and for quadrants VI, VII, or IX, it can be interpreted as the position of harvest or divest (Mukhlasin and Pasaribu 2020).

Matrix Strength, Weakness, Opportunity, Threat (SWOT)

The SWOT matrix is a simple method for formulating a strategy or policy by evaluating the alignment of strategies between opportunity and strength factors while also considering various existing threats and weaknesses. Combining these internal and external factors will influence each other, so both must be carefully considered (Mukhlasin and Pasaribu 2020). In the SWOT matrix, four (4) types of strategies will be identified as shown in Picture 1 below:

	Strengths	Weakness
	1.	1.
	2.	2.
	Etc.	Etc
Opportunities	S-O Strategy	W-O Strategy
1.	1.	1.
2.	2.	2.
Etc.	Etc.	Etc.
Threat	S-T Strategy	W-T Strategy
1.	1.	1.
2.	2.	2.
Etc.	Etc.	Etc.

Image 2 Matrix SWOT

Analysis Quantitative Strategic Planning Matrix (QSPM)

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According to Setyorini*et al.*(2016), QSPM analysis evaluates an objective strategy based on the main internal-external success factors identified in the previous stage. In the QSPM analysis, it is necessary to determine the attractiveness value (attractiveness scores or AS), which ranges between 1 and 4, namely:

- a. Score 1 = Not interesting
- b. Score 2 = Slightly interesting
- c. Score 3 = Quite interesting
- d. Score 4 = Very interesting

The next step that needs to be done is to calculate the total attractiveness score (TAS), then multiply it by the attractiveness score (AS), and determine the alternative strategy chosen from the most significant total value from the calculation results.

RESULTS AND DISCUSSION

Condition of SMEs' Creative Industry in Tasikmalaya City

The number of SMEs in Tasikmalaya City has continued to increase in the last 5 years, with 15,002 licensed business actors in 2023 and 110 poor people participating in SME coaching in 2024 with an empowerment rate of 74.50%. However, only 17% of SMEs have business certificates (Ministry of Cooperatives, Small and Medium Enterprises, Industry and Trade, 2023). Despite showing progress, SME actors still face challenges such as high competition, the entry of cheap products produced using printing machines, weak management of each existing business actor, and low-quality human resources due to low education and lack of skills.

If managed well, the increasing number of SMEs that continued to occur every year in the last 5 years can have a positive impact, especially on the local economy. If viewed based on the business classification in Tasikmalaya City, it consists of 10 fields, namely accessories, batik, embroidery, *craft, fashion*, convection, culinary, food and beverages and services/others. The products that are characteristic of the area are the Geulis umbrella and Kelom sandals, but their existence in the domestic market is still less in demand. Instead, embroidery and Tasik batik have succeeded in becoming the prima donna in the existing market, even though both products have large distributors spread throughout the regions in Indonesia.

Complex SME problems require coordination between the central government, regional governments, and stakeholders so that the program runs optimally and impacts workforce absorption. SME development is supported by Regional Regulation No. 6 of 2016, which regulates incentives and capital facilities because substantial investment in the SME sector will positively impact the economy's rate while reducing unemployment rates.

Internal and External Factors of the Problems of Creative Industry SMEs in Tasikmalaya City that Impact the Growth of SMEs

The research results show that the growth of MSEs in Tasikmalaya City is not optimal, one of which is due to the low quality of human resources, which hinders the innovation of business actors. Low-quality human resources also contribute significantly to the factors causing poverty (Oyedokun et al., 2022). The formulation of strategic factors originating from internal sources has been identified in the framework of strengths and weaknesses, which are given weights and ratings to produce a score derived from the multiplication of Bobo and rating. The results of the IFE matrix score can be seen in Table 3 below:

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Table	•	TEE	matrix	anaı	VS1S

No	Strength	Weight	Rating	Score
1	Business experience	0,11	4,00	0,45
2	Strategic location of Tasikmalaya City	0,13	3,67	0,49
3	Consumer loyalty that has been built for years	0,12	4,00	0,47
4	Adequate facilities, infrastructure, and communication reach	0,11	3,33	0,36
5	Expanding access to market information	0,14	3,33	0,47
	Total	0,61		2,23
No	Weakness	Weight	Rating	Score
1	Team member Training	0,08	1,00	0,08
2	Product Marketing	0,07	1,00	0,07
3	Business Capital	0,06	1,67	0,09
4	Product Innovation	0,07	1,67	0,11
5	Technology Mastery	0,06	1,00	0,06
6	Record Keeping and Financial Reporting	0,06	1,67	0,09
<u> </u>	Total	0,39		0,51

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Based on Table 3, the IFE matrix analysis shows a weighted value of 2.74, meaning that Tasikmalaya City SMEs actors can utilize their strengths and minimize their weaknesses to overcome current problems. The top three strength factors are the strategic location of Tasikmalaya City (0.49), adequate facilities, infrastructure, and communication coverage (0.47), and access to market information that is starting to expand (0.47). The top three weakness factors are product innovation (0.11), business capital (0.09), and financial recording and reporting (0.09).

Meanwhile, to find out the external factors faced, it is necessary to formulate strategic factors originating from external sources identified in the framework of strengths and weaknesses that are given weights and ratings to produce a score derived from the multiplication of weights and ratings. The results of the IFE matrix score can be seen in Table 4 below:

Table 4 EFE matrix analysis

No	Opportunities	Weight	Rating	Score
1	Support from local government	0,13	4	0,49
2	UMK Center becomes a tourist destination	0,15	4	0,60
3	Growthe-commerce and digitalization	0,11	3	0,38
4	Relationship with resellers/distributors that remain connected	0,13	3	0,44
5	Partnership opportunities for business development	0,15	3	0,50
	Total	0,67		2,41
No	Threats	Weight	Rating	Score
1	T 1 ' C.1 '.	o o =		
1	Low purchasing power of the community	0,07	1	0,07
2	Increase in raw material costs	0,07 0,07	1 2	0,07 0,11
2 3		,	1 2 1	
1 2 3 4	Increase in raw material costs	0,07	1 2 1 1	0,11
2 3 4 5	Increase in raw material costs Skilled labor	0,07 0,07	1 2 1 1	0,11 0,07
2 3 4 5	Increase in raw material costs Skilled labor Increase capacity, quality, and productivity	0,07 0,07 0,06	1 2 1 1 1	0,11 0,07 0,08

Based on Table 4, the EFE matrix analysis shows a weighted value of 2.82 to take advantage of opportunities and minimize the threats it has to overcome current problems. The top three opportunity factors are the central SMEs as a tourist destination (0.60), partnership opportunities for business development (0.50), and support from the local government (0.49). The top three threat factors are the increase in raw material costs (0.11), increasing capacity, quality, and productivity (0.08), and competition from similar businesses (0.08).

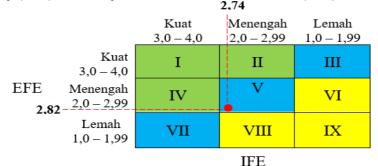


Image 3 Matrix Internal - External

Based on the average value of the IFE matrix of 2.74 and the EFE matrix of 2.88, the results of the IE matrix are in quadrant V, according to Figure 2 above. This position indicates that micro and small business actors have moderate internal strength and external appeal. The primary focus must include maintaining business stability, strengthening competitiveness with similar competitors, and increasing efficiency so that this position does not require major expansion or withdrawal from the existing market. Strategic steps that can be implemented in the development of micro and small businesses to overcome the problems that occur can be done through the following strategies:

- 1. Maintain business stability by:
 - a. Allocate some of the profits to develop the business gradually without relying on bank loans.
 - b. Establish strategic partnerships with governments, local investors, or private institutions to obtain financial support.
 - c. Building good relationships with consumers to create loyalty and receive input as material for product improvement.
- 2. Increase efficiency by:
 - a. Using local raw materials while maintaining product quality and quantity standards.

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- b. Promote products through social media to save costs and reach more people.
- c. Providing ongoing training so that human resources in micro and small creative industry businesses are more skilled and efficient.
- 3. Strengthening competitiveness with similar competitors by:
 - a. Improve product quality and quantity to compete with competitors.
 - b. Identifying markets and customers' needs to create new products that suit preferences.

Table 5 SWOT Matrix

Strength 1. Business experience 2. Strategic location of Tasikmalaya City 3. Consumer loyalty that has been built for years 4. Adequate facilities, infrastructure, and communication reach 5. Expanding access to market information 5. Expanding access to market information 6. Expanding access to market information 7. Establish Workshops Or studios that are tourist destination 8. Growthe-commerceand digitalization 9. Creating collaboration with resellers/distributors that remain connected 5. Partnership opportunities for business development 7. Consumer loyalty that has been built for years 7. Establish Workshops Or studios that are tourist destinations (S2, S4, O1, O2) 2. Establish partnerships to expand the scale of the business being run (S1, S5, O4, O5) 3. Drive sales in online for easy access by consumers (S3, O3) 7. Creating collaboration with various parties that focus on product development, distribution, and marketing (W4, O2, O4) 7. Penetration into the domestic market to overcome competition (S2, S3, S4, S5, T1, T4, T5) 2. Using raw materials from local areas (S1, T2, T3) 7. Providing continuous training and empowerment focused on digitalization and capital (W1, W2, W3, W5, W6, O1, O3, O5) 2. Creating collaboration with various parties that focus on product development, distribution, and marketing (W4, O2, O4) 7. Product and market diversification (W1, W2, W4, T1, T4, T5) 7. Product and market diversification (W1, W2, W4, T1, T4, T5) 7. Product and market diversification (W1, W2, W4, T1, T4, T5) 7. Providing incentives and creating incubation programs (W1, W3, W5, W6, T2, T3) 7. Providing incentives and creating incubation programs (W1, W3, W5, W6, T2, T3) 7. Providing incentives and creating incubation programs (W1, W2, W3, W5, W6, T2, T3) 7. Providing continuous training (W2, W2, W3, W5, W6, O1, O3, O5) 7. Textneeps: (W2, W3, W5, W6, O1, O3, O5) 7. Textneeps: (W2, W3, W5, W6, O1, O3, O5) 7. Textneeps: (W2, W3, W5, W6, O1, O3, O5) 7. Textn	Table 5 SWOT Matrix						
1. Support from local government 2. UMK Center becomes a tourist destination 3. Growthe-commerceand digitalization 4. Relationship with resellers/distributors that remain connected 5. Partnership opportunities for business development Threat 1. Low purchasing power of the community 2. Increase in raw material costs 3. Skilled labor 4. Increase capacity, quality, and productivity 1. Establish Workshops Or studios that are tourist destinations (S2, S4, O1, O2) 2. Establish partnerships to expand the scale of the business being run (S1, S5, O4, O5) 3. Drive sales in online for easy access by consumers (S3, O3) 3. Drive sales in online for easy access by consumers (S3, O3) 4. Relationship with resellers/distributors that remain connected 5. Partnership opportunities for business development 1. Low purchasing power of the community 2. Increase in raw material costs 3. Skilled labor 4. Increase capacity, quality, and productivity 2. Increase (S1, T2, T3) 3. Secondary destinations (S2, S4, O1, O2) 4. Relationship with reseale of the business being run (S1, S5, O4, O5) 3. Drive sales in online for easy access by consumers (S3, O3) 4. Relationship with resealers/distributors that remain connected 5. Partnership opportunities for business development S-T Strategy: 1. Providing continuous training and empowerment focused on digitalization and capital (W1, W2, W3, W5, W6, O1, O3, O5) 2. Creating collaboration with various parties that focus on product development, distribution, and marketing (W4, O2, O4) 4. Product and market diversification (W1, W2, W4, T1, T4, T5) 2. Providing incentives and creating incubation programs (W1, W3, W5, W6, O2, O3, O5)		 Business experience Strategic location of Tasikmalaya City Consumer loyalty that has been built for years Adequate facilities, infrastructure, and communication reach Expanding access to market 	 Team member Training Product Marketing Business Capital Product Innovation Technology Mastery Record Keeping and Financial 				
Threat 1. Low purchasing power of the community 2. Increase in raw material costs 3. Skilled labor 4. Increase capacity, quality, and productivity S-T Strategy: 1. Penetration into the domestic market to overcome competition (S2, S3, S4, S5, T1, T4, T5) 2. Using raw materials from local areas (S1, T2, T3) Shift of the domestic diversification (W1,W2,W4,T1,T4,T5) 2. Providing incentives and creating incubation programs (W1,W3,W5,W6,T2,T3)	 Support from local government UMK Center becomes a tourist destination Growthe-commerceand digitalization Relationship with resellers/distributors that remain connected Partnership opportunities for 	 Establish Workshops Or studios that are tourist destinations (S2, S4, O1, O2) Establish partnerships to expand the scale of the business being run (S1, S5, O4, O5) Drive sales in online for easy 	 Providing continuous training and empowerment focused on digitalization and capital (W1, W2, W3, W5, W6, O1, O3, O5) Creating collaboration with various parties that focus on product development, distribution, and marketing (W4, 				
v. Similar Cashiron Companion	Threat 1. Low purchasing power of the community 2. Increase in raw material costs 3. Skilled labor 4. Increase capacity, quality, and productivity	 Penetration into the domestic market to overcome competition (S2, S3, S4, S5, T1, T4, T5) Using raw materials from local 	1. Product and market diversification (W1,W2,W4,T1,T4,T5) 2. Providing incentives and creating incubation programs				

After identifying the existing internal and external factors, several strategies can be formulated for each existing factor according to Table 5 above as follows:

1. S-O Strategy

- a. Establish Workshops Or studios that become tourist destinations to open up employment opportunities for the local community.
- b. Establish partnerships to expand the scale of the business and increase its progress.
- c. Drive sales online so that it is easily accessible to consumers so that they do not only rely on offline online sales, which is currently considered less effective.

2. W-O Strategy

- a. Providing continuous training and empowerment focusing on digitalization and capital to create business actors who can sell products online. *Online* and technology facilitate the running of the business and allow it to expand business with the capital assistance provided.
- b. Creating collaboration with various parties that focus on product development, distribution, and marketing to overcome similar business problems.

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3. S-T Strategy

- a. Penetration into the domestic market to overcome competition from similar businesses and open up opportunities for micro and small business actors to expand their marketing efforts.
- b. Using raw materials from local areas reduces production costs incurred to produce a product.

4. W-T Strategy

- a. Diversification of products and markets is needed to reduce the risks that occur and develop and reach new market share by creating innovative products.
- b. Providing incentives and creating incubation programs that can overcome problems related to business capital while running their business.

Micro Small Enterprises (SMEs) Development Strategy for Creative Industries in Tasikmalaya City

After formulating 9 (nine) alternative strategies from the SWOT matrix above, the final stage is formulating what strategy should be done to overcome the problems faced by micro and small business actors in the creative industry in Tasikmalaya City through optimal micro and small business development through QSPM analysis. QSPM analysis can help the author show which strategy is the best through input analysis from the input stage and matching results from the matching stage analysis, which will then be determined objectively to determine the approach to be taken from the alternative methods that have been formulated. The results of the QSPM analysis that has been carried out are as follows:

Table 6 QSPM Analysis

No Strategy	Alternative Strategy	STAS	Strategic Priorities
8	Product and market diversification	6,22	1
1	Establish a Workshop or a studio that becomes a tourist destination	6,18	2
9	Providing incentives and creating incubation programs	6,10	3
5	Creating collaboration with various parties that focus on product development, distribution, and marketing	5,86	4
2	Establish partnerships to expand the scale of the business being run	5,85	5
6	Penetration into the domestic market to overcome competition	5,65	6
4	Providing continuous training and empowerment that focuses on digitalization and capitalization	5,46	7
3	Drive sales online for easy access by consumers	5,29	8
7	Using raw materials from local areas	3,82	9

Based on Table 6 above, it can be seen that product and market diversification to increase added value (6.32) is an alternative primary priority strategy that can be applied in the development of micro and small creative industry businesses in Tasikmalaya City to overcome the problem of competition from similar companies. Another alternative strategy included in the top three is the product and market diversification strategy with a STAS value of (6.22), considering that currently, so many SMEs actors produce the same products in one area that the products created do not have their characteristics. To overcome this, an in-depth market survey and research are needed to determine the position of the current superior products and whether they are in accordance with market demand (Murtyoso 2018). To realize this strategy to run optimally, the Tasikmalaya City Government needs to cooperate or collaborate with related parties, carry out benchmarks to SMEs actors in the creative industry sector who are in other regions or who have succeeded internationally, or create a map of superior products and poor communities in the area to help business actors develop products according to existing market demand so that if SMEs actors succeed in moving up a class, they can help optimize the absorption of labor for poor communities.

The alternative strategy is to establish workshops or studios to become tourist destinations with a STAS value (6.18). The strategic location of Tasikmalaya City and adequate infrastructure are added value for the area to improve the existing tourism side. Creating a new tourist destination can be an income for the local economy. It can provide jobs for people experiencing poverty in Tasikmalaya City who do not have adequate educational backgrounds and skills. However, providing opportunities for people experiencing poverty to work informally can indirectly help people experiencing poverty to improve their knowledge and skills through training or empowerment (Adeyemo*et al.* 2022).

Next, the 3rd alternative strategy that can be recommended is to provide incentives and create an incubation program with an STAS value (6.10). Based on a statement from the Tasikmalaya City KUMK Perindag Service, several micro and small business actors still have difficulty in obtaining additional capital so that the businesses they run can experience an increase in business scale, so a strategy is needed that focuses on providing incentives in the

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form of funds that are right on target for business actors and evenly distributed to all business actors registered in *database* Department of KUMK Perindag of Tasikmalaya City. According to Irawan (2023), by creating an incubation program and providing funding, it is hoped that it can make an ecosystem that can encourage micro and small business actors in the creative industry to be more competitive in the market through productive funding and sustainable assistance to micro and small businesses.

CONCLUSION

- 1. The condition of micro and small businesses in the creative industry in Tasikmalaya City has great potential to drive economic growth due to its strategic location, regulatory support, and government assistance programs. However, the problems that occur can hinder this potential from developing optimally.
- 2. Internal and external factors faced by micro and small business actors in the creative industry in Tasikmalaya City when viewed from the highest internal factor based on the IFE matrix for strengths, namely the strategic location of Tasikmalaya City (0.49) and weaknesses, namely product innovation (0.11) while for the highest external factor based on the EFE matrix for opportunities, namely the center of micro and small businesses becoming a tourist destination (0.60) and threats, namely the increase in raw material costs (0.11) so that based on these results, the position of SMEs actors in Tasikmalaya City is in quadrant V so that it is necessary to maintain business stability, strengthen competitiveness with similar competitors and increase efficiency so that micro and small business actors can overcome various problems caused by internal or external factors properly and utilize existing strengths and opportunities.
- 3. Alternative strategies that can be implemented in the development of micro and small businesses in Tasikmalaya City are product and market diversification (STAS 6.22), establishment of workshops for tourist studios (STAS 6.18), as well as providing incentives and incubation programs (STAS 6.10). This strategy is supported by programs such as batik product development, local educational tourism, productive incentives, and integrated incubation for family economic independence.

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