

STRATEGIES FOR DEVELOPING MICRO, SMALL AND MEDIUM ENTERPRISES IN SUPPORTING SUSTAINABLE TOURISM IN BANGLI REGENCY, BALI PROVINCE

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Abstract

Tourism is a development sector that can support economic equality. MSMEs play a crucial role in supporting sustainable tourism in Bangli Regency, Bali Province, as they provide tourism needs. The purpose of this research is to formulate a strategy for developing MSMEs in Bangli Regency by identifying strengths, vulnerabilities, opportunities and threats (SWOT). This research utilizes a descriptive qualitative approach to describe phenomena relevant to the issue under study. Interviews were used as the data collection method, while descriptive analysis and SWOT analysis were used for analysis. Research findings include: 1) The development of craft MSMEs has strengths in the form of uniqueness based on local culture, support from nature and tradition, as well as government support and raw materials, as well as opportunities in the form of tourism trends, policy support, digital technology, and collaboration. However, there are weaknesses in design innovation, market access, utilization of digital technology, and managerial capacity, as well as threats in the form of competition, counterfeit products, and dependence on tourists; 2) Craft MSMEs are in a strategic position to strengthen competitiveness through capacity building and product innovation programs, digital marketing, strengthening partnerships, access to financing, local product campaigns, and strengthening distribution infrastructure.

Keywords: *Business Development Strategy, MSMEs, Sustainable Tourism*

I. Introduction

Tourism is a development sector expected to support equitable economic development in Indonesia. The development of tourism in a region will bring numerous economic, social, and cultural benefits to the community (Damayanti, 2014). Tourism sector development can be a priority policy that can be pursued in the future to stimulate economic growth and improve the national economy. Tourism development is considered important because tourism is involved with other sectors such as the service sector, agriculture, transportation, and trade. Maximizing tourism development and utilization will be able to increase economic growth, create jobs, and increase community and regional income (Yoeti, 2008). Bangli Regency is a region in Bali Province with significant tourism potential. Geographically and regionally, Bangli Regency's potential largely stems from tourism and the agricultural sector (Adamy et al., 2025). Bangli Regency is the only regency in Bali without a coastal area, making it a popular tourist destination with its unique natural charm. Bangli Regency boasts natural riches in the form of beautiful lakes, cool mountainous areas, and a variety of natural attractions with unique cultures and traditions. The distinctive culture, rich in spiritual activities, and the natural beauty of Bangli Regency make it a popular tourist destination (Bangli Regency Tourism Market Analysis, 2018). However, based on data on visits to all tourist attractions, there is a disparity in the number of visits between them. Even one of the most popular tourist attractions, the Puncak Penulisan Temple, only receives 0.3% of total tourist visits. Only tourist attractions in North Bangli had a relatively high visitor rate, at 68.6%, and even then, this was limited to attractions in the Batur area (Prasetya et al., 2021). This situation highlights the urgent need for this research to increase tourist visits

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to Bangli Regency, particularly in the southern region. The Bangli Regency Government needs to develop a sustainable tourism plan involving all business actors and related stakeholders in the tourism industry. This plan should be tailored to local conditions and opportunities and should focus on implementing sustainable tourism practices. Sustainable tourism is defined as all forms of tourism development, management, and activities that must consider environmental, social, and economic integrity, as well as the long-term well-being of natural and cultural resources (Lokeswara et al., 2024). Minister of Tourism and Creative Economy Regulation No. 9 of 2021 concerning Guidelines for Sustainable Tourism Destinations explains that sustainable tourism is tourism that takes into account current and future economic, social, and environmental impacts, meets the needs of visitors, industry, the environment, and local communities, and can be applied to all forms of tourism activities in all types of tourist destinations, including mass tourism and various other types of tourism activities. The United Nations World Tourism Organization (UNWTO, 2019) refers to three interrelated aspects/pillars of sustainable tourism, namely: 1) Environmental aspects, related to the use of various natural resources, for example, clean air, land, and water in tourist destinations. Other resources include natural forests, mountains, and wildlife; also, the built environment such as buildings and structures, villages, and urban infrastructure that are considered cultural heritage; 2) Socio-cultural aspects, related to the positive or negative impacts of other cultures on host communities. If the strength of the local community and culture is not strong enough, or the host population has a low level of economic and social development, the impact of tourism can be negative; and 3) Socio-economic aspects, related to considerations of economic growth as a result of tourism activities, such as job creation, injection of income into the local economy, local business growth, infrastructure development, and foreign direct investment. The economic side of tourism includes the appropriate use of resources, including biodiversity, minimizing ecological, cultural, and social impacts. Sustainable tourism must be able to make optimal use of environmental resources, respect socio-cultural authenticity, and ensure viable and long-term economic operations, providing socio-economic benefits for all stakeholders.

One way to achieve sustainable tourism is by developing the local creative economy. Sustainable tourism development can be achieved by combining natural beauty with cultural arts performances, culinary tourism, and the processing of unique regional handicrafts (Simarmata & Panjaitan, 2019). Developing the creative economy through MSMEs is considered a viable solution to achieving sustainable tourism goals in Bangli Regency. Micro, small and medium enterprises (MSMEs) is a type of company in Indonesia that is owned by individuals or business entity according to the criteria set by Constitution No. 20 of 2008. In the Law, the criteria used to define MSMEs as stated in Article 6 are net worth or asset value excluding land and buildings where the business is located, or annual sales results. With the following criteria: a) Micro-enterprises are business units with assets of a maximum of IDR 50,000,000 excluding land and buildings where the business is located with annual sales results of a maximum of IDR 300,000,000. b) Small businesses with assets of more than Rp.50,000,000 up to a maximum of Rp.500,000,000 excluding land and buildings where the business is located have annual sales results of more than Rp.300,000,000 up to a maximum of Rp.2,500,000,000 c) Medium businesses are companies with a net worth of more than Rp.500,000,000 up to a maximum of Rp.10,000,000,000 annual sales results above Rp.2,500,000,000 up to a maximum of Rp.50,000,000,000. In addition to using monetary values as criteria, a number of government agencies such as the Ministry of Industry and the Central Statistics Agency (BPS), have also used the number of employees as a measure to differentiate business scales between micro businesses, small businesses, medium businesses and large businesses. For example, according to the Central Statistics Agency (BPS), micro businesses are business units with up to 4 permanent employees, small businesses between 5 and 19 employees, and medium businesses from 20 to 99 employees, while companies with more than 99 employees are included in the large business category.

The development of MSMEs is one of the development priorities in the Government Work Plan (RKP). This is due to the significant contribution of MSMEs to the national economy. MSME development is crucial for improving public welfare due to their significant potential in driving the economy and serving as a primary source of income for the majority of the population (Ariani & Utomo, 2017). Empowering Micro, Small, and Medium Enterprises (MSMEs) is one of the government's alternative efforts to promote income equality, alleviate poverty, and reduce unemployment. The growth and development of MSMEs is the single most important component in a country's economic development and progress. A country's economic progress will be influenced by MSME development (Sulaiman, 2022). Therefore, a study is needed to develop an MSME development strategy to achieve sustainable tourism in Bangli Regency. Comprehensively, strategy is defined as a plan and action that outlines the allocation of resources and other activities that are environmentally friendly and help the organization achieve its goals (Lawrence, 2010). Business development

strategy is a way or process that moves the mind, energy, and body to develop a business, improve the quality and quantity of production from economic activities, and increase current and future employment (Pearce, 2014). According to Fred R. David (2015) in his book "Strategic Management: A Competitive Advantage Approach, Concepts, and Cases", business development strategies can be grouped into four strategic groups, namely: 1) Vertical Integration Strategy, this strategy requires the company to carry out more supervision of distributors, suppliers, and/or competitors, for example through mergers, acquisitions or creating its own company; 2) Intensive Strategy, this strategy requires intensive efforts to improve the company's competitive position through existing products; 3) Diversification Strategy, this strategy is intended to add new products. This strategy is becoming less popular, at least in terms of the high level of management difficulty in controlling the company's various activities; and 4) Defensive Strategy, this strategy aims for the company to take rescue measures to avoid greater losses, which ultimately lead to bankruptcy. Based on the explanation above, the research objectives are formulated, among others: 1) Identifying the strengths, weaknesses, opportunities and challenges of MSME development; and 2) Developing a strategy for MSME development in Bangli Regency to support sustainable tourism. This research is expected to contribute to the field of management science, especially for MSMEs, resulting in enrichment of the scientific treasury in the form of strengths, weaknesses, opportunities and challenges faced in the development of MSMEs in the tourism sector to support sustainable tourism, and provide recommendations to stakeholders in the form of strategies. development of MSMEs in Bangli Regency to support sustainable tourism in Bangli Regency.

Methodology

This study uses a qualitative approach, namely methods to explore and understand the meaning that individuals or groups ascribe to social or humanitarian issues. The qualitative research process involves important efforts, such as asking specific questions and data collection procedures from participants, analyzing data inductively from specific to general themes, and interpreting the meaning of the data (Creswell, 2019). The research location is focused on MSMEs producing tourism products in the Bangli Regency, Bali Province, including: craft businesses, culinary, lodging, and others. Primary data is obtained directly through interviews and documentation with MSME owners, this data is collected to understand internal factors (human resources, finance, technical and operational, and marketing) and external (Policies and regulations, government support, market trends and demand, business competition, economic factors, technology and innovation), while secondary data was obtained from documents, archives, and articles relevant to the research problem. The collected data was then analyzed using qualitative descriptive analysis, internal and external environmental factor analysis, and SWOT analysis. The analysis aimed to solve the research problem and obtain answers to the research questions.

Results and Discussion

Identification of Internal Factors & External Factors

Identification of internal and external factors is carried out as a first step to understand the real conditions that influence the development of MSMEs in supporting sustainable tourism in Bangli Regency. Internal factors include various potentials, resources, and obstacles originating from within the MSME environment itself, such as product excellence, management capacity, and local institutional support. Meanwhile, external factors include conditions and dynamics outside the MSME that significantly influence business continuity and development, such as market trends, government regulations, regional competition, and infrastructure and technology. This identification serves as an important basis for developing appropriate development strategies, by leveraging existing strengths and opportunities, while minimizing the weaknesses and threats faced by craft MSMEs in the region.

Based on the results of theoretical review, field identification, and interviews with experts and craft business actors, the results of the identification of internal factors are as follows:

1. Local government support for the MSME and creative economy sectors.
2. Design and quality of craft products.
3. Availability of natural raw materials from the surrounding environment.
4. Utilization of digital technology for promotion and sales.
5. Experience of craft MSME actors.
6. Business management capacity, both in terms of production, packaging and business bookkeeping.
7. Bangli's natural and cultural potential.

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9. Optimizing collaboration between MSMEs and tourist destination managers, hotels, and travel agents.
10. The uniqueness of local craft products based on the culture and traditions of the Bangli community.
11. Access for craft MSMEs to a wider market.

Meanwhile, also based on theoretical analysis, field identification, and interviews with experts and craft business actors, the following external factors were identified:

1. The entry of manufactured and imported craft products that resemble local products.
2. Growing tourist interest in environmentally friendly local souvenirs.
3. Digital platforms for global product marketing.
4. Competition from craft products from other regions in Bali.
5. Dependence of MSMEs on tourist visits.
6. Support from external parties in the form of training, mentoring, and access to financing.
7. Support for sustainable tourism and creative economy policies from the central and regional governments.
8. Development of new tourist destinations in Bangli.
9. Tourist awareness of purchasing authentic local products.
10. Logistics and infrastructure in tourist villages.

IFE Matrix Analysis

The Internal Factor Evaluation (IFE) Matrix is a strategic analysis tool used to evaluate and analyze the key strengths and weaknesses of an organization or business unit, in this case, MSMEs in Bangli Regency. This matrix presents internal factors in the form of a structured score based on two main components: weight (indicating the level of importance of each factor) and rating (indicating how well the organization responds to that factor). The final result of this matrix is a total IFE score, which provides an overview of the extent to which MSMEs have a strong or weak internal position and serves as a basis for formulating appropriate development strategies. The results of the previous identification of 10 internal factors were assessed by 30 craft entrepreneurs, resulting in the construction of an Internal Factor Evaluation (IFE) matrix as follows:

Tabel 1. Matriks IFE

No.	Internal Factors	Weight	Mean Rating	IFE Score	
Strength					
1	The uniqueness of local craft products based on the culture and traditions of the Bangli people	0.15	3.93	0.59	
2	Bangli's natural and cultural potential supports the image and selling value of craft products.	0.09	3.93	0.35	
3	The existence of MSME craft actors who have experience passed down from generation to generation	0.08	2.97	0.24	
4	Local government support for MSMEs and the creative economy	0.08	3.03	0.24	
5	Availability of natural raw materials from the surrounding environment	0.07	2.70	0.19	
Weaknesses					
6	The design and quality of the products are still not uniform and lacking innovative		0.17	2.03	0.35
7	Limited market access for craft MSMEs outside the region main tourist attraction		0.11	1.87	0.21
8	Business management capacity is still		0.10	1.83	0.18
9	weak. Limited use of digital technology.		0.10	2.07	0.21
10.	Cooperation with destination managers is not yet optimal. tour	0.05	1.90	0.10	
Total		1.00		2.65	
Total IFE score: Strengths 1.61 Weaknesses 1.04					
Urgency score (for weight): 1 Very Unimportant; 2 Not Important; 3 Important; 4 Very Important					
Rating score: 1 Very Weak; 2 Weak; 3 Strong; 4 Very Strong					

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The total IFE score for the strength aspect of 1.61 indicates that craft MSMEs in Bangli Regency have quite strong internal potential to support sustainable tourism. This value reflects that most of the strengths possessed (such as the uniqueness of local culture-based products, support from natural potential and traditions, and inherited skills) function effectively as strategic capital for MSME development. The uniqueness of culture-based craft products has the highest weight and rating, indicating that this factor is the most prominent advantage that deserves to be continuously developed and focused on in strategies to strengthen the competitiveness of MSMEs in the tourism sector. The total IFE score for the weaknesses aspect of 1.04 indicates that significant internal barriers remain in the development of craft MSMEs in Bangli Regency. The most impactful weaknesses are low design innovation and product quality, followed by weak market access, business management, and digital technology utilization. This indicates that although MSMEs possess potential strengths, these weaknesses still hinder optimal performance and competitiveness. Therefore, development strategies need to be directed not only at strengthening strengths but also intensively at improving weaknesses that have a significant impact on business success.

EFE Matrix Analysis

The External Factor Evaluation (EFE) matrix is a strategic analysis tool used to evaluate the influence of external factors that can be opportunities or threats to an organization or business unit. In the context of this research, the EFE matrix is used to assess the impact of the external environment, both in terms of policy, tourism trends, competition, and technology, on the development of MSMEs in supporting sustainable tourism in Bangli Regency. Each factor is assessed based on its importance weight and the effectiveness rating of the MSME's response to that factor, then added up to produce a total EFE score. This score reflects how responsive and adaptive MSMEs are to existing external conditions. The results of the identification of the 10 previous external factors were assessed by 30 craft business actors, the results of which can be used to compile an EFE (External Factor Evaluation) matrix as follows:

Table 2. EFE Matrix

No.	Internal Factors	Weight	Mean Rating	EFE Score
Opportunity				
1	Growing tourist interest in local souvenirs that are environmentally friendly and have cultural value	0.11	3.93	0.43
2	Support for sustainable tourism and creative economy policies from central and regional governments	0.10	3.93	0.39
3	Support from external parties (NGOs, BUMDes, universities) in training, mentoring, and access to financing	0.10	2.90	0.29
4	Availability of digital platforms for global product marketing	0.09	2.83	0.25
5	Development of new tourist destinations in Bangli that can expand the market for craft products	0.07	2.87	0.20
Threat				
6	Competition with craft products from other, more established areas in Bali (Gianyar, Ubud)	0.12	2.00	0.24
7	MSMEs' dependence on tourist visits is vulnerable during a crisis.	0.11	2.20	0.24
8	The entry of cheap manufactured and imported craft products that resemble local products	0.11	2.20	0.24
9	Lack of awareness of tourists to buy authentic local products	0.10	1.87	0.19
10	Logistics and infrastructure limitations in tourist villages	0.09	1.97	0.18
Total		1.00		2.69

Total EFE score: Opportunity 1.57 Threat 1.09

Urgency score (for weight): 1 Very unimportant; 2 Not important; 3 Important; 4 Very important

Rating score: 1 Very bad; 2 Bad; 3 Good; 4 Very good

The total EFE score for the opportunities aspect of 1.57 indicates that the external environment offers significant and potential opportunities for the development of craft MSMEs in Bangli Regency. The most dominant opportunities stem from growing tourist interest in local souvenir products that are environmentally friendly and reflect cultural values, as well as government policy support for sustainable tourism and the creative economy. This score reflects that MSMEs have ample opportunities for growth through optimizing tourism market trends that value authentic local products, utilizing digital platforms, and partnering with external parties that support business capacity building. This potential must be responded to proactively through intensive strategies focused on product development, market expansion, and digital transformation. The total EFE score for the threat aspect of 1.09 indicates that external challenges remain significant and require serious attention by MSMEs in Bangli Regency. The main threats come from intense competition with craft products from other established regions, such as Gianyar and Ubud, as well as the influx of cheap imported products that mimic local products, which can undermine the competitiveness of local MSMEs. Furthermore, MSMEs' dependence on tourist flows makes them vulnerable to crises such as pandemics or natural disasters. This score emphasizes that future development strategies must include risk mitigation measures, such as market diversification, improving product quality, and strengthening the identity of local products to make them superior and difficult to imitate.

SWOT Matrix Analysis

The SWOT matrix is a strategic analysis tool used to formulate alternative development strategies by combining and matching internal factors (Strengths and Weaknesses) with external factors (Opportunities and Threats). The main objective of this matrix is to produce four types of strategies, namely: SO Strategy (utilizing strengths to seize opportunities), WO Strategy (utilizing opportunities to overcome weaknesses), ST Strategy (utilizing strengths to avoid or reduce the impact of threats), and WT Strategy (minimizing weaknesses and avoiding threats). In the context of this research, the SWOT matrix is used to develop a development strategy for craft MSMEs in Bangli Regency that is applicable and contextual in supporting sustainable tourism. The following are the results of the SO, WO, ST, and WT strategy designs with a focus on efforts to actively improve and develop businesses by utilizing strengths and opportunities and overcoming weaknesses and threats to strengthen the position of MSMEs in Bangli Regency. The SWOT matrix is compiled as follows:

Table 4.3. SWOT Matrix

	Opportunities	Threats
	- Growth of tourist interest - Support for sustainable tourism and creative economy policies - External support - Availability of digital platforms for marketing - Development of new tourist destinations	- Competition of craft products from other regions - Dependence on tourist visits - The entry of cheap manufactured and imported products - Lack of awareness of purchasing authentic products - Logistics and infrastructure limitations in tourist villages
Strengths	SO Strategy	ST Strategy
- The uniqueness of local culture-based craft products - Natural and cultural potential - MSME experience passed down from generation to generation - Local government support for MSMEs	- Strengthening the promotion of culture-based craft products through digital platforms and major events. - Intensify product innovation and marketing training and mentoring supported by the government and external institutions.	- Enhancing the brand of authentic Bangli craft products through marketing campaigns that highlight authenticity and uniqueness. - Accelerate the process of quality certification and copyright protection (IPR)

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- Availability of raw materials from the surrounding environment	- Developing new products and craft variants based on local raw materials - Actively partner with tourism actors and new destinations to integrate craft products into official tourism packages and souvenirs.	- Expanding partnership networks with tourism actors and communities
Weaknesses - Product design and quality are still not uniform - Limited access to craft markets outside the region - Business management capacity is still weak - Limitations in the use of digital technology - Cooperation with tourism managers is not yet optimal	WO Strategy - Encourage strengthening of product management and design capacity - Expanding market access by actively building partnerships and distribution networks - Aggressively optimizing digital technology for marketing and sales - Facilitating access to capital and business incubation programs on a massive scale	WT Strategy - Conducting intensive training in the use of digital technology and business management - Building a joint business group (cooperative) - Initiating strategic collaboration between the government, MSMEs, and destination managers to improve logistics and marketing infrastructure. - Conducting a massive educational campaign to tourists about the importance of buying authentic local products.

IE Matrix Analysis

The IE (Internal-External) Matrix is a strategic analysis tool used to determine the position of an organization or business unit based on a combination of internal and external factors analyzed through the IFE and EFE matrices. In this context, the value of S minus W (Strengths – Weaknesses) reflects the net strength of internal factors, while the value of O minus T (Opportunities – Threats) indicates the net opportunities from external factors. The results of the calculation are then plotted into four strategy quadrants: Quadrant I (aggressive), Quadrant II (diversification strategy), Quadrant III (turn-around or recovery strategy), and Quadrant IV (defensive strategy). Placement in a particular quadrant helps researchers or decision-makers determine the strategic direction that best suits the actual conditions of MSMEs, whether aggressive expansion, defense, or internal improvement are needed.

Calculation results:

Strengths – Weaknesses = $1.61 - 1.04 = 0.58$

Opportunities – Threats = $1.57 - 1.09 = 0.48$

From the results of these calculations, the IE matrix can be described as below:

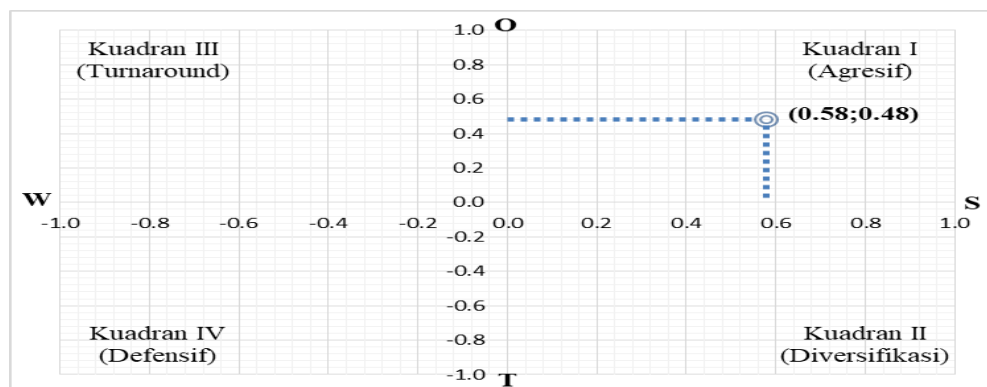


Figure 1. IE Matrix

The IE matrix indicates that the development of craft MSMEs in Bangli Regency is in quadrant I, making an aggressive strategy the most appropriate choice. This strategy aims to maintain strength and expand market potential through improved product quality, market access, and innovation. This aggressive strategy aims to strengthen the current position of MSMEs by improving performance through intensive efforts, including:

1. Market penetration strategy, namely increasing promotion and distribution of craft products to existing tourist markets (for example: in the Batur and Kintamani areas).
2. Market development strategy, namely reaching new markets, such as tourists from outside Bangli, local tourists in Bali, or foreign tourists through e-commerce.
3. Product development strategies, namely design innovation, quality improvement, and diversification of craft products to better suit market tastes.

Discussion of MSME Development Strategy

The previous sub-chapter revealed that an aggressive strategy was chosen for this study, aimed at strengthening the position of craft MSMEs in Bangli Regency through intensive/aggressive and sustainable performance improvements. This strategy encompasses three main approaches: market penetration, market development, and product development. Based on this strategic direction, an integrated action plan is developed to support the practical development of MSMEs in support of sustainable tourism in Bangli Regency. The following are six action plans to support an aggressive strategy for developing craft MSMEs in Bangli Regency to support sustainable tourism:

1. Capacity Building and Product Innovation Program

Activity : Creative design training, product quality improvement, and product certification (IPR, quality standards).
Target : At least 50 MSME actors participate in training every year.
Executor : Department of Tourism and Creative Economy, Higher Education.
Time : Annual and ongoing.

This program aims to increase the competitiveness of local craft products by enhancing the capacity of MSMEs in terms of product design, quality, and legality. Creative design training will focus on combining traditional elements with modern trends, thus maintaining cultural values while remaining relevant to market tastes. Certifications such as IPR (Intellectual Property Rights) and product quality standards will also be provided to enhance product credibility in national and international markets. This activity is carried out annually and is ongoing, with a target of at least 50 MSMEs trained each year. The program's implementation involves collaboration between the Bali Tourism and Creative Economy Agency, professional training institutions, and universities. This synergy is crucial to ensure that MSMEs acquire not only technical knowledge but also academic understanding and market insights. Furthermore, training outcomes can be followed up with further coaching to ensure innovation doesn't stop at the initial training. By improving skills and product quality, Bangli MSMEs are expected to be able to compete with other craft centers in Bali, such as Gianyar and Ubud.

The action plan in the form of a "Capacity Strengthening and Product Innovation Program" is relevant to address a number of key issues in the context of this research, particularly the issue of the still-underdeveloped role of MSMEs in the creative economy in tourism and the urgency of MSME development strategies. Structured creative design training and product quality improvement can encourage MSME craft actors in Bangli Regency to produce more innovative, high-quality, and highly competitive products, especially as souvenirs typical of tourist destinations. Certification such as IPR and product quality standards also support recognition of the originality and professionalism of MSME products, which ultimately can increase market confidence and expand sales reach. This program directly strengthens the role of MSMEs in supporting sustainable tourism, encouraging local economic growth, and addressing the strategic need to make MSMEs an integral part of the regional tourism ecosystem, so that their economic benefits can be more evenly distributed and sustainable in the Bangli community.

2. Digital Marketing and Market Expansion Program

Activity : Digital marketing workshops, website and online catalog development, and collaboration with major e-commerce platforms.
Target : 80% of MSMEs have access and are active on digital platforms within 2 years.
Executor : Communication and Information Service, digital marketing community, BUMDes.
Time : 12-24 months.

This program is designed to expand market access for MSMEs through digital transformation. MSMEs will be trained to manage online product marketing, including the use of social media, marketplaces, and e-commerce. The workshop will be conducted in stages, with outputs including business account creation, visual promotional content, and engaging copywriting techniques. Furthermore, a digital catalog and a collective MSME website will be developed to serve as an online showcase for Bangli craft products. The program's target is to reach 80% of MSMEs, enabling them to become active and adapt to digital technology within two years. The Communications and Informatics Agency (Kominfo) is implementing this initiative in collaboration with the local digital marketing community and village-owned enterprises (BUMDes). In addition to training, the program will also facilitate MSMEs' partnerships with major e-commerce platforms to reach markets outside Bali and even internationally. With this approach, MSMEs will no longer rely on tourists visiting Bangli directly but can instead sell sustainably globally.

The "Digital Marketing and Market Expansion Program" action plan is relevant to addressing the persistent disparity in tourist visits between tourist attractions, the still-weak role of the creative economy and MSMEs in tourism, and the urgency of MSME development strategies. Through digital marketing workshops and the development of online platforms such as websites and online catalogs, craft MSMEs in Bangli can significantly expand their market access, not only relying on tourists visiting physical locations, but also reaching regional, national, and even international markets. This helps reduce the disparity in the distribution of tourist visits by opening up sales opportunities from various locations, while simultaneously increasing the competitiveness of MSMEs against craft products from other, more established digital regions. Collaboration with major e-commerce platforms and digital marketing communities will also strengthen MSMEs' adaptive capacity to technological developments, accelerate digital transformation, and ensure the sustainability of their businesses in an increasingly digital tourism ecosystem.

3. Partnership Program and Product Integration in Tourism Destinations

Activity : Facilitating partnerships between MSMEs and tourism destination managers, hotels, and travel agents, making craft products official souvenirs.
Target : Partnerships are formed in at least 5 main tourist destinations.
Executor : Tourism Office, business associations, destination managers.
Time : 1-2 years.

This program aims to strengthen connectivity between the tourism sector and the local crafts sector by integrating MSME products into the tourism experience. One implementation approach is to encourage hotels, restaurants, tourist destination managers, and travel agents to use or sell local crafts as official souvenirs. The local government will facilitate a partnership forum between MSMEs and tourism players to develop mutually beneficial cooperation schemes. The program's goal is to establish partnerships in at least five key tourist destinations in Bangli Regency within two years. This strategy will be implemented by the Tourism Office in collaboration with business associations, destination managers, and MSME communities. Integrating local products into the tourism service chain will ensure sustainable demand for craft products while increasing local community involvement in the tourism industry.

The "Partnership Program and Product Integration in Tourism Destinations" action plan is relevant to addressing the disparity in tourist visits between tourist attractions, the importance of sustainable tourism planning, and the crucial role of the creative economy and MSMEs in tourism. By establishing strategic partnerships between MSMEs and tourist destination managers, hotels, and travel agents, local craft products can be directly integrated into the tourism ecosystem as official souvenirs, which not only increases product visibility but also encourages equitable distribution of economic benefits to previously underserved tourist attractions. This collaboration creates opportunities for MSMEs to gain a more certain and sustainable market, while strengthening local cultural identity in the eyes of tourists. This program also represents a concrete manifestation of sustainable tourism planning that prioritizes local community participation as key actors, maintains cultural authenticity, and strengthens the relationship between the tourism sector and the regional creative economy.

4. Financing Access and Business Mentoring Program

Activity : Assistance in applying for micro credit, establishing cooperatives, facilitating business capital from the government and financial institutions.
Target : 60% of MSMEs gain access to financing within 3 years.
Executor : Cooperatives, banking, NGOs.

Time : 1-3 years.

Access to capital is a crucial factor in strengthening and developing MSMEs. This program is designed to facilitate MSMEs in obtaining financing from financial institutions, whether through microcredit, grants, or the establishment of local cooperatives. Technical assistance will be provided to MSMEs in developing business proposals, preparing simple financial reports, and managing loans in a healthy and sustainable manner. The program's target is to reach at least 60% of MSMEs with access to financing within three years. This initiative is implemented by the Cooperatives Office, supported by banks that distribute People's Business Credit (KUR), and NGOs focused on local economic empowerment. In addition to mentoring, village-based business groups or cooperatives will be formed to increase MSMEs' bargaining power in accessing financing. With sufficient capital, MSMEs can innovate, expand production, and broaden their market reach.

The "Access to Financing and Business Mentoring Program" action plan is relevant to addressing the importance of the creative economy and MSMEs in tourism and the urgency of MSME development strategies. One of the main obstacles faced by craft MSMEs in Bangli Regency is limited business capital and low financial literacy, which hinders the development of production scale and product innovation. Through this program, MSMEs will receive intensive assistance in preparing business proposals, understanding appropriate financing schemes, and establishing institutions such as cooperatives to strengthen their bargaining position with financial institutions. Government facilitation and collaboration with banks and NGOs also serve as important bridges to increase MSME access to productive capital. With adequate financing and ongoing mentoring, MSMEs have a greater opportunity for sustainable growth, expanding markets, and making a more significant contribution to strengthening the local tourism sector.

5. Local Product Campaign and Education Program

Activity : Tourist awareness campaigns to buy local products, craft exhibitions at tourism events, education through social media.

Target : Increase purchases of local products by at least 20% per year.

Executor : Tourism Office, MSME community, local media.

Time : Sustainable.

This program aims to raise public and tourist awareness about the importance of supporting local products as part of an authentic tourism experience. The campaign will be conducted through various media, such as billboards at tourist destinations, creative content on social media, and local product exhibitions and bazaars at district and provincial tourism events. In addition to promotions, tourist education will also be delivered through leaflets, short videos, and QR codes on products. The target is to increase sales of local products by at least 20% annually. This initiative is being implemented by the Tourism Office, collaborating with the MSME community, local media, and creative industry players. A consistent and emotionally engaging campaign will shape positive perceptions of Bangli's local products, ensuring that handicrafts become not merely a tourist attraction but a part of the region's identity, worthy of pride and support. The "Local Product Campaign and Education Program" action plan is relevant to addressing the research questions. Tourists' low awareness of purchasing authentic local products often hinders MSMEs from increasing sales, as some prefer cheaper or manufactured products. Through a massive and educational campaign, both directly through events and digitally through social and mass media, tourists will be introduced to the cultural value, uniqueness, and economic contribution of each purchase of local products. In addition to increasing appreciation for Bangli crafts, this program will also encourage the formation of a positive image of local products as an essential part of an authentic and sustainable tourism experience. Thus, this strategy not only supports increased sales but also strengthens the position of MSMEs as pillars of an inclusive and competitive tourism ecosystem.

6. Logistics and Distribution Infrastructure Improvement Program

Activity : Improvement of road access to tourist villages, construction of product distribution centers, cooperation with delivery services.

Target : Optimization of product distribution to major markets within 2 years.

Executor : Department of Transportation, Department of Public Works and Public Housing, village government.

Time : 1-2 years.

This program focuses on strengthening the physical and logistical aspects that support the smooth distribution of MSME products from tourist villages to primary markets. Activities include improving road access to production centers,

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building distribution warehouses, and collaborating with logistics companies to ensure fast, safe, and efficient product delivery. This is crucial to ensuring craft products can reach a wider market and maintain quality once they reach consumers. The program's goal is to optimize product distribution systems to key markets within two years. Implementers include the Department of Transportation, the Department of Public Works and Spatial Planning (PUPR), and village governments. This initiative will also be integrated with the tourism village program, ensuring that infrastructure development not only impacts the MSME sector but also enhances tourist comfort. With efficient logistics, the potential of both digital and conventional markets will be further unlocked for Bangli's MSMEs. The "Logistics and Distribution Infrastructure Improvement Program" action plan is relevant to addressing the significant tourism potential of Bangli Regency, the disparity in tourist visits between tourist attractions, and the urgency of MSME development strategies. Although Bangli has significant natural and cultural tourism potential, infrastructure limitations such as inadequate road access and the lack of efficient distribution channels often hinder the mobility of MSME products to primary markets. By improving road access to tourist villages, establishing distribution centers, and collaborating with delivery services, product distribution will be faster, more efficient, and reach a wider market. This will support the overall development of the local economy, encourage increased tourism visits to previously underserved areas, and provide more equitable growth opportunities for MSMEs. A strong logistics infrastructure is also a crucial foundation for creating a sustainable and integrated tourism ecosystem.

Closing

Based on the two research objectives and the results of the previous analysis, this study provides two conclusions, including: 1) The development of craft MSMEs in Bangli Regency in supporting sustainable tourism is influenced by internal and external factors. The internal side shows that MSMEs have the main strengths in the form of unique craft products based on local culture, natural and traditional support that supports the product's selling value, as well as support from the local government and the availability of local raw materials. However, there are still significant weaknesses such as limitations in design innovation, market access, digital technology utilization, and managerial capacity. Meanwhile, on the external side there are significant opportunities in the form of sustainable tourism trends, national policy support, access to digital technology, and collaboration with external parties. On the other hand, threats faced include competition with other, more established regions, the entry of counterfeit products, and dependence on tourist visits; 2) Craft MSMEs in Bangli Regency are in a strong strategic position to implement aggressive strategies. The strategies developed are aimed at strengthening the competitiveness of MSMEs through capacity building and product innovation programs, digital marketing, strengthening partnerships with the tourism sector, access to financing, local product campaigns, and strengthening distribution infrastructure. This strategy is in line with the direction of sustainable tourism development, because it not only empowers local communities, but also encourages cultural preservation and regional economic sustainability.

Suggestions can be provided based on an aggressive strategic action plan for developing craft MSMEs to support sustainable tourism in Bangli Regency. The local government, through relevant agencies, should consistently implement capacity building and product innovation programs to enhance the competitiveness of craft products at the regional and national levels, while also maintaining the sustainability of local cultural heritage through regular training, technical assistance, and certification facilitation. Accelerating the digitalization of MSMEs needs to be prioritized by providing practical digital marketing training and mentoring, including the use of social media, marketplaces, and collective websites. Cross-sector collaboration between MSMEs, tourism destination managers, hotels, and travel agents needs to be facilitated through regularly scheduled formal partnership forums. Access to financing and MSME institutions need to be strengthened through the establishment of joint cooperatives at the village level, which can serve as official channels for business financing applications and collective financial management. Local product promotion campaigns need to be encouraged with a creative and participatory approach through social media, tourism events, and the activation of tourism and cultural communities. Local governments and tourist villages are advised to prioritize the development of logistics infrastructure, such as road access and MSME product distribution centers, especially in areas with underdeveloped tourism potential.

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