



Analysis Of Local MSME Development Strategy "Vis A Vis" the Development of National Chain Minimarket Retail in Palembang City

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ABSTRACT

The phenomenon of the proliferation of National Chain Minimarket Retail Groups has become a scourge for local MSMEs in Indonesia. Although the government continues to provide space for local MSMEs through Permendagri No. 53/M-DAG/PER/12/2008 which requires the establishment of minimarkets to pay attention to the existence of traditional markets and smaller neighborhood stalls/shops. However, some regions are actually utilizing the momentum of the existence of modern minimarkets, one of which is Yogyakarta through the Mayor's Regulation which issued a policy so that the national chain minimarket retail group empowers local MSMEs and is given a special place to market local products. Palembang, which is known for its pempek as a culinary specialty, has enormous potential for the development of local MSMEs, but MSME players who become industry players are still not ideal. This study aims to analyze how the development strategy of Local MSMEs "vis a vis" the massive development of national chain minimarket retail in Palembang City. This research uses a mixed method approach, which consists of two approaches, namely quantitative and qualitative. Mixed methods used are descriptive qualitative using SWOT analysis (strengths, weaknesses, opportunities, threats) to analyze the development strategy of local MSMEs in Palembang City. As well as quantitative descriptive using the IFAS and EFAS matrix to calculate the weighting, rating, and formulation of the development strategy position of Local MSMEs in Palembang City. The results of this study indicate that based on the results of the SWOT diagram analysis, the X and Y axes are obtained. The straight line in the diagram above shows the coordinates in

quadrant 1 position. Quadrant 1 is a very favorable situation, where local wisdom MSME players can have strengths and opportunities that can be utilized so that it is suitable to use the SO (strength-opportunity) strategy to develop local wisdom MSME businesses supported by aggressive growth strategies, namely 1) Maintaining Public Interest by Optimizing Support Programs from the Government; 2) Optimizing Sales Without Limiting Target Markets both domestically and abroad; 3) Utilizing Community Expertise to Intervene Local Products to National Chain Minimarkets; and Creating Training Programs from the Association of Local Culinary Business Groups to Maintain the Authentic Taste of Products.

INTRODUCTION

Based on data from the Ministry of Industry of the Republic of Indonesia, the contribution of MSMEs to the country's export value is only 15.8%, very small when compared to other Southeast Asian countries. Thailand's MSMEs contribute to the increase in exports by 29.5% and the Philippines by 20%. Even at the global level, Germany's MSME contribution accounts for 55.9% of the country's total export value, while Japan's reaches 53.8%. This shows that MSMEs have an important role in economic growth in a country. Nevertheless, MSMEs in several regions of Indonesia have the potential and significant role for the welfare of their communities. One of them is Central Java, which has the largest number of MSMEs in Indonesia. MSMEs in Central Java contributed a GDP contribution value of 60.85% of the total GDP of Central Java Province. (Pujiyono et al., 2018)

Yogyakarta also has great potential in local wisdom-based MSME products, ranging from food, fashion, to the handicraft industry. This makes Yogyakarta one of the tourist destinations for tourists, both local and foreign. Around 521,000 MSMEs in Yogyakarta are dominated by the non-agricultural sector. In fact, some MSME products in Yogyakarta have penetrated the minimarket market. This is in line with local government regulations that require minimarket managers to participate in empowering local MSMEs by providing a special place for marketing local products, as stated in the Yogyakarta Mayor Regulation Number 56 of 2018. The impact of this regulation is the increase in local MSME products distributed to National Chain Minimarket outlets in the city of Yogyakarta (Jogjakota, 2023).

The phenomenon of the proliferation of national chain minimarket retail groups such as Alfamart and Indomaret based on franchises is like a scourge for local MSMEs. The concept of a minimarket with the nuances of a self-service food market is able to hypnotize consumers with all its completeness, ranging from daily household needs, to the needs of work activities and children's schools. In addition, the absence of location rules or rarely between franchise minimarkets is a weapon for large entrepreneurs to carry out massive business expansion, thus killing small traders. This is actually supported by Presidential Regulation No. 112/2007 on the Arrangement of Traditional Markets, Shopping Centers and Modern Stores. Article 5 paragraph (4) states that "minimarkets may be located on any road network, including neighborhood road network systems in neighborhood service areas (housing) in cities/urban areas. This means that minimarkets can open outlets up to residential areas".

Although Article 3 paragraph (9) of the Minister of Trade Regulation No. 53/MDAG/PER/12/2008 states that the establishment of minimarkets must pay attention to the existence of traditional markets and smaller neighborhood stalls/shops. But the Ministerial Regulation does not regulate the consequences or strict sanctions if the provision is violated. In fact, the licensing of minimarket establishment is issued by the local government, not the central

government. Therefore, local governments should be more responsive to the massive phenomenon of minimarket retail that threatens the existence of local MSMEs (Saraswati, 2017).

The National Chain Minimarket Group has also made many product innovations, not only offering instant food products, but also presenting electronic service products such as electricity, telephone, cash withdrawal, electronic payments, and so on. The rapid development of minimarkets is increasingly cornering the existence of MSME players. As happened to the grocery store business traders in Klampis Market, Bangkalan Madura. The traders lose consumers and income automatically decreases. Even so, they are still trying to maintain their existence amid the onslaught of the capitalization of national chain minimarkets such as Indomaret and Alfamart (Sri Wulandari, 2019).

Table 1 Development Of National Chain Minimarket Outlets 2015-2021

Year	Indomaret	Alfamart
2015	11.400	11.115
2020	18.271	14.973
2021	18.939	15.434

The massive growth of minimarket retail throughout Indonesia is troubling MSMEs due to intense business competition. If allowed to continue, it will certainly have a major impact on the economic growth of local communities. Palembang as the capital city of South Sumatra is even known as the city of pempek with all its derivative variants such as kemplang crackers, tekwan, models, laksan, celimpungan which are scattered in the corners of Palembang city including Seberang Ulu 2, Tangga Buntung, and Cinde. In addition to local wisdom-based MSME products such as pempek and kemplang crackers, other food MSME products have also begun to mushroom such as seblak, cireng, thai tea, boba, and korean food. This certainly has a positive impact on the improvement of South Sumatra's MSMEs.

Palembang has hundreds of merchants based on local wisdom products that have expanded their business widely. Based on data from the Central Bureau of Statistics, the growth rate of micro and small industries continues to increase, reaching 8.28 percent. There are several sectors of micro and small processing industries including the food industry, paper industry and paper goods, rubber goods, and plastics. The food industry experienced the highest production growth of 12.71 percent (BPS, 2021). In 2021, it was recorded that there were 196 thousand small industry players in South Sumatra who had been verified by the Cooperative Office (Alim, 2021). This shows that the micro and small food industry is one of the sectors that plays an important role in the economy in South Sumatra.

Some MSME players in Palembang have increased production and even exported abroad, such as the kemplang cracker production center in the Seberang Ulu I area of Palembang (Detiksumbagsel, 2023). This proves that the potential of Palembang as a trading city is actually very large, but not all local MSMEs can upgrade. The number of MSMEs recorded in the Office of Cooperatives and SMEs of South Sumatra Province is only 860 thousand or 39% of the total MSMEs. In Palembang City, the number of MSME actors classified as industrial actors is only 7,500 actors or 9.92% of the total number of IKM actors in South Sumatra which is 75,569 (Jati, 2023). This data shows that local MSMEs in Palembang have not been categorized as growing and developing MSMEs. Even compared to the development of the National Chain Minimarket, the conditions are opposite, due to the massive establishment of Alfamart and Indomaret.

This data shows that local MSMEs in Palembang have not been categorized as growing and developing MSMEs. Even compared to the development of the National Chain Minimarket, the conditions are opposite, due to the massive establishment of Alfamart and Indomaret (Dimiyati, 2018). In contrast to other regions in Indonesia, the West Sumatra Government's strong focus on the existence of traditional markets affects the existence of modern markets and networked

retail in the region. Another impact is that licenses for these retail groups have been tightened, even in Padang City, no licenses were given at all by the local government (Algamar, 2020).

Based on the studies above, this research has significance regarding the importance of policies related to the massive national retail trend that has also penetrated Palembang City in order to protect MSMEs and local wisdom. Therefore, the research team raised the title "Analysis of Local MSME Development Strategies "Vis a Vis" the Development of National Chain Retail Minimarket in Palembang City".

LITERATURE REVIEW

Entrepreneurship And Innovation Theory

The Entrepreneurship and Innovation Theory asserts that MSMEs that carry out an innovation strategy are MSMEs that will be able to make competitive products. This also means that MSMEs can survive continuously and even grow rapidly. Audretsch said regarding the new role of MSMEs that new businesses that implement innovation strategies to achieve competitiveness seem to be involved in a selection process. Only MSMEs that offer viable products and can be produced efficiently will grow. The rest will stagnate and eventually be forced out of the industry. Therefore, in a highly innovative industry, there is a continuous process of entry of new MSMEs into the industry. Deshpande et al (2013) also emphasized that by continuously innovating, newly established companies are able to compete and survive in the market with established players, even including foreign companies.

Entrepreneurial orientation has a positive effect on innovation activities in an organization. Entrepreneurial orientation is considered as one of the main resources that facilitate organizations seeking new ways to increase revenue streams, increase chances of success in international markets and effectively utilize organizational resources (Covin et al., 2006; Hussain, 2015; Kraus et al., 2012). Entrepreneurial orientation helps organizations in achieving superior organizational performance and sustainable competitive advantage. (Lechner & Gudmundsson, 2014; Vega-Vazquez, Cossio-Silva, & Revilla-Camacho, 2016).. The application of entrepreneurial orientation as an internal resource facilitates an organization to effectively identify first and then capitalize on emerging opportunities and improve its business performance (Zhao et al., 2011)

The entrepreneurial orientation built by an organization will certainly be manifested in real action. Every organization that wants concrete results by doing a series of business-related things. So the Theory of Entrepreneurship and Innovation is very relevant to the Expectancy Theory proposed by Vroom which argues that the strength of the tendency to act in a certain way depends on the strength of the expectation that the action will be followed by a certain output and depends on the attractiveness of the output (Munandar, 2001). Therefore, high expectations can encourage business people to create innovations in their business.

Entrepreneurship Theory is also related to Human Capital Theory developed by Becker where it is explained in this theory that investment in training and to increase human capital is important as an investment of other forms of capital. This theory also argues that human capital investment has a major effect on increasing labor productivity which is encouraged through various training (Becker, 1964). It can be understood that competent human resources will perceive and interpret what they see based on the perception of these human resources. Perception is part of HR management in building a mind that is focused by the brain on increasing knowledge and skills that can support the development of its business organization.

Cluster Theory

The cluster phenomenon has attracted the attention of economists to conduct studies on location issues for economic activities, especially industry, giving rise to a new paradigm called new economic geography. Studies on clusters have been further developed with the emergence of Michael Porter (1990, 1998) with his idea that clustering is part of a new model of business

competition in the world. Porter's definition of clusters is the geographic concentration of independent firms and institutions that are distinct and interconnected in a particular region. Industrial clusters are basically groups of industries or companies that are partially concentrated and usually specialize in only one or two main industries or products. In Indonesia, it is more common to refer to industrial clusters as centers.

The expectation from the implementation of Cluster Theory is a mutually beneficial cooperation. Therefore, Cluster Theory is closely related to the Mutual Benefit Principle, which is one of the principles of business ethics proposed by Sony Keraf (1998). This principle demands that the business run can benefit all parties and accommodate the nature and purpose of the business. Businesses run in an area, of course, are expected to foster an economic stretch that is not only played by one or a few individuals. The Mutual Benefit principle is also expected to not only benefit the business actors, but also the community as consumers and the government as policy makers because it has an impact on increasing regional income.

A cluster is also expected to generate new sustainable business models. This is certainly a common hope for business people who want a long-term existence. Therefore, Cluster Theory is closely related to the Sustainability Maturity Model, an approach that can be used by an organization to identify sustainability issues, sustainability strategies, new business models, and the circular economy. Baumgartner and Ebner (2010) used this concept to narrow the gap by developing a profile of specific aspects for sustainability capability strategies related to strategy characteristics. Some of the indicators in the Sustainability Maturity Model that are most relevant to MSME business development include collaboration and knowledge management. Collaboration relates to cooperation with various business partners, while knowledge management is a method of planning, developing, implementing, and measuring specific knowledge to improve the business knowledge base of an organization.

METHODS

This research uses a mixed method approach, which consists of two approaches, namely qualitative and quantitative by combining the two together in a research activity so that more comprehensive, valid, reliable, and objective data are obtained (Sugiyono, 2018). Mekanisme pendekatan yang digunakan adalah mekanisme pendekatan deskriptif dan The approach mechanism used is a descriptive approach mechanism and seeks to describe events that are currently occurring (Gunawan, 2013). The mixed methods used are qualitative descriptive using SWOT analysis (strengths, weaknesses, opportunities, threats) to analyze the development strategy of local MSMEs in Palembang City and quantitative descriptive using the IFAS and EFAS matrix to calculate the weighting, rating, and positioning of local MSME development strategies in Palembang City.

The MSME players engaged in the culinary sector based on Palembang's distinctive local wisdom are spread in several regions or centers. According to data from the Palembang City Cooperative and SME Office, the number of MSME players in the culinary sector is 32,727. Researchers determined the population in 2 areas which are culinary centers for pempek and kemplang, namely the 26 Ilir area which totals approximately 50 MSME players and the Seberang Ulu II area which totals approximately 20 MSME players.

This study utilizes purposive sampling in sample withdrawal. According to Sugiyono, purposive sampling is sampling using certain considerations in accordance with the desired criteria to determine the number of samples to be studied (Sugiyono, 2018). However, samples in qualitative research are not called respondents but as sources or informants who master and understand the problem. Thus, based on the problems in this study, informants were taken based on 2 categories, namely MSME actors and Government Stakeholders.

RESULTS

Development Of Msme Conditions In Palembang City

At the city and district levels, the role of MSMEs is undeniable and has helped to improve the community's economy. This is because MSMEs are large enough producer and consumer entities so that the money in the community is circulated from and by the MSMEs themselves. In addition, MSMEs are more resilient, making them more resistant to economic and monetary crises (Hamza & Agustien, 2019). In 2019, according to data from the Palembang City Cooperative and SME Office, there were 37,000 MSMEs registered in Palembang City, the majority of which were engaged in the culinary sector. In 2021, MSMEs in Palembang City experienced a significant increase, totaling 101,903 business actors, where the culinary sector remained as one of the majority business fields with a total number of actors reaching 32,727 or around 32% of the total number of MSMEs in Palembang City.

Table 2 Data Of Msmes Per Business Sector In Palembang City

No.	Line of Business	Total
1	Accommodation	8
2	Building	398
3	Event Organizer	9
4	Fashion	8.878
5	Refillable Drinking Water Industry	587
6	Metal Goods Industry	287
7	Furniture Industry	376
8	Non-Hazardous Waste Industry	3
9	Food Industry	729
10	Textile Industry	1.071
11	Services	3.278
12	Child Needs	19
13	Beauty	233
14	Construction	2
15	Culinary	32.727
16	Electricity	20
17	Drugs	57
18	Traditional Medicines	134
19	Automotive	1.780
20	Education	19
21	Transportation	36
22	Printing	164
23	Trade	44.847
24	Plantation	944
25	Livestock	3.923
26	Creative Products	798
27	Party Equipment Rental	570
28	Travel	6
Total		101.903

Based on the table above, the market share of MSMEs in the food industry is still relatively small, which only amounts to 729 actors or 2% of the total number of culinary businesses. Whereas there are more than 4,000 typical Palembang culinary entrepreneurs. This indicates that the majority of culinary in Palembang City has not yet worked on the industrial market. In

fact, according to the Chairperson of the Palembang Pempek Entrepreneurs Association Yenni Anggraini, Palembang culinary industry players who are truly industry literate by using contemporary industrial tools such as sterilization machines to make food more durable are only about 20 MSME players (News, 2022).

The government has made optimal efforts to revive the pempek industry and other local specialties so that MSMEs can upgrade. The Palembang Cooperative and SME Office itself has a coaching program for MSMEs. However, of the total number of MSMEs in Palembang, only 4,000 MSMEs or only about 10.8% of MSMEs have joined the guidance of the Palembang Cooperatives and SMEs Office (Firman, 2023). In addition, the Palembang City Government also diligently organizes an exhibition of superior products and services entitled Palembang Expo which is routinely held every year (Palembang, 2023). The Palembang City Government also continues to boost the distribution of MSME capital pinjam which aims as a coaching effort so that MSME players continue to increase productivity and quality (SUMEKS.CO, 2023).

The results of the Evaluation of the Office of Cooperatives and SMEs of Palembang City, there are several problems faced by MSMEs that make it difficult to develop, among others, because MSME actors experience obstacles in the licensing process. On the other hand, MSMEs have not been able to fully utilize technology and some MSME players are constrained in checking the debtor's credit history information system as a security for credit distribution. In addition to these issues, MSMEs face other problems related to access to capital, low quality of human resources, and low mastery of technology (Mirani & Aryansah, 2021).

Three problems that hinder the development of SMEs are the lack of local government facilities, capital issues and low public interest (Marisa, 2018). The obstacle faced by most MSMEs in Palembang city is in marketing products. The products they produce are not yet well-known in the community. Because the sales they do are still conventional, so the network is not wide enough (Meileni et al., 2020). It can be concluded that most of the food MSMEs in Palembang City still use conventional methods in terms of production, marketing, and distribution. For this reason, further studies are needed on food MSMEs in Palembang City to produce competitive MSMEs. This effort is needed so that MSMEs can be developed. Therefore, both the Government and business actors must know the factors that can increase competitiveness and formulate alternative strategies for food MSMEs in order to create competitive MSMEs in Palembang City (Delmayuni et al., 2017). Although basically MSMEs have better resilience to crisis despite their low productivity. This is because the organizational structure and workforce of MSMEs are more flexible in adjusting to market changes. This resilience and flexibility make MSMEs used by most communities as the main source of livelihood.

SWOT Analysis Of Local MSME Development in Palembang City

SWOT is an analysis based on logic that can maximize strengths and opportunities, but can simultaneously minimize weaknesses and threats for the progress and success of a company or agency (Rangkuti, 2016). SWOT analysis relies heavily on internal and external factors. External factors include applicable policies or laws and internal factors include functional such as finance, resources, marketing and information system (Rahman et al., 2023).

The local culinary industry is not maximized because MSMEs face problems with access to capital, low quality of human resources, and low mastery of technology (Mirani & Aryansah, 2021). Therefore, MSMEs can use internal strengths and external opportunities to expand markets and increase market share. MSMEs can also use internal weaknesses and external opportunities to enhance capabilities and improve their business weaknesses. In addition, MSMEs can use internal strengths and external threats to develop development strategies aimed at reducing risks and increasing competitiveness. Finally, MSMEs can also use internal weaknesses and external threats to develop development strategies that focus on problem solving and overcoming business barriers (Wibowo & Yunita, 2023). The following is a SWOT

Matrix based on the results of Interviews with Informants of Palembang Local Wisdom-based Culinary MSME Actors.

Table 3 SWOT Matrix Of Palembang Local Wisdom-Based Culinary MSMEs

INTERNAL	Strenght (S)	Weakness (W)
<p>1. Public interest in local food products</p> <p>2. No specific target market</p> <p>3. The majority of the community has expertise in making local wisdom food products</p> <p>4. The taste of Palembang's culinary specialties is very authentic</p>	<p>1. High demand and limited funds</p> <p>2. Lack of knowledge of MSMEs regarding how to market products</p> <p>3. Local entrepreneurs prefer to sell their products to large agents outside the province</p> <p>4. Many local MSMEs that partner with retail do not survive.</p>	
EXTERNAL	Strenght Opportunities (SO)	Weakness Opportunities (WO)
<p>1. Support from central and local government</p> <p>2. Domestic and foreign market potential is still wide open</p> <p>3. National chain minimarkets (Indomaret and Aflamart) become an opportunity for local MSMEs</p> <p>4. Association of local culinary business groups has been formed</p>	<p>1. Maintaining community interest by optimizing government support programs</p> <p>2. Optimize sales without limiting target markets both domestic and overseas</p> <p>3. Utilizing community expertise to intervene local products into national chain minimarkets</p> <p>4. Create training programs from local culinary business group associations to maintain the authentic taste of products</p>	<p>1. Apply for funding assistance to the government as business development capital</p> <p>2. Increase business literacy in product marketing to reach a wider market potential</p> <p>3. Partnering with national chain minimarkets to market its products</p> <p>4. Conduct a survey by business group associations regarding strategic retail locations so as to promote local businesses.</p>
Threats (T)	Strength Threats (ST)	Weakness Threats (WT)
<p>1. There are many national scale instant products that are in demand in the market rather than local wisdom-based products</p> <p>2. The level of business competition is fierce</p> <p>3. Staples are still dependent on suppliers</p> <p>4. Raw material prices are highly volatile</p>	<p>1. Maintaining public interest in local products amidst the massive proliferation of national-scale products</p> <p>2. Minimize competitive risk without limiting the target market</p> <p>3. Optimizing expertise by providing privately cultivated staple ingredients</p> <p>4. Maintaining authentic flavors by providing long term stock of ingredients</p>	<p>1. Develop digital marketing to minimize marketing funds and outperform competition with nationwide products</p> <p>2. MSMEs must improve their marketing strategies in order to compete with other business actors</p> <p>3. Focusing sales in the original region and creating self-reliance in the supply of staples</p> <p>4. Can compare raw material prices in the market and find spare/replacement raw materials when raw material prices rise for the sustainability of business partners</p>

Determination of factor values in making the SWOT matrix consists of Internal Strategy Factor Analysis Summary (IFAS) and External Strategy Factor Analysis Summary (EFAS) (Andika, 2021). The IFAS and EFAS matrices below are as follows:

Table 4 Internal Strategy Factor Matrix

Factors Internal Strategy	Weight (a)	\bar{x} Rating (b)	Score (axb)
Strength (S)			
1. High public interest in local food products	0,23	4	0,90
2. No specific target market	0,14	3,8	0,52
3. The majority of the community has expertise in making local wisdom food products	0,11	4	0,45
4. The taste of Palembang's culinary specialties is very authentic	0,23	4	0,90
Subtotal	0,70		2,77
Weakness (W)			
1. High demand costs and limited infrastructure ana	0,06	2	0,12
2. Lack of knowledge of MSMEs regarding how to market their products	0,05	2	0,09
3. Local entrepreneurs prefer to sell their products to large agents outside the province	0,07	4	0,29
4. Many local MSMEs that partner with retail do not survive	0,12	1	0,12
Subtotal	0,30		0,63
Total	1		3,40

Based on the internal strategic factor matrix table, a total weighted score of 3.40 is obtained, which shows that local wisdom MSME actors are in a strong position because the internal conditions are above the average value, it can be said that local wisdom MSME actors have utilized various kinds of strengths they have. However, local wisdom MSME players must also anticipate various kinds of weaknesses from the company's internal environment.

Table 5 External Strategy Factor Matrix

Factors External Strategy	Weight (a)	\bar{x} Rating (b)	Score (axb)
Opportunity (O)			
1. Support from central and local government	0,13	4	0,52
2. Domestic and foreign market potential is still wide open	0,26	4	1,03
3. National chain minimarkets (Indomaret and Alfamart) are an opportunity for local MSMEs	0,07	2,6	0,18
4. Association of local culinary business groups has been formed	0,09	2,8	0,26
Subtotal	0,55		1,99
Threat (T)			
1. The number of national-scale instant products that are in demand in the local wisdom-based product market	0,10	9	0,11
2. The level of business competition is fierce	0,11	14	0,20
3. Staples are still dependent on suppliers	0,10	10	0,11
4. Raw material prices are highly volatile	0,13	9	0,13
Subtotal	0,45		0,56
Total	1		2,55

Based on the external strategic factor matrix table, a total weighted score value of 2.55 is obtained. The results of the total weighted score indicate that local wisdom MSME players are currently stable because the company's external conditions are above the average value, so it can be said that local wisdom MSME players have consistently utilized various kinds of opportunities. However, local wisdom MSME players must also anticipate various kinds of threats from the company's external environment.

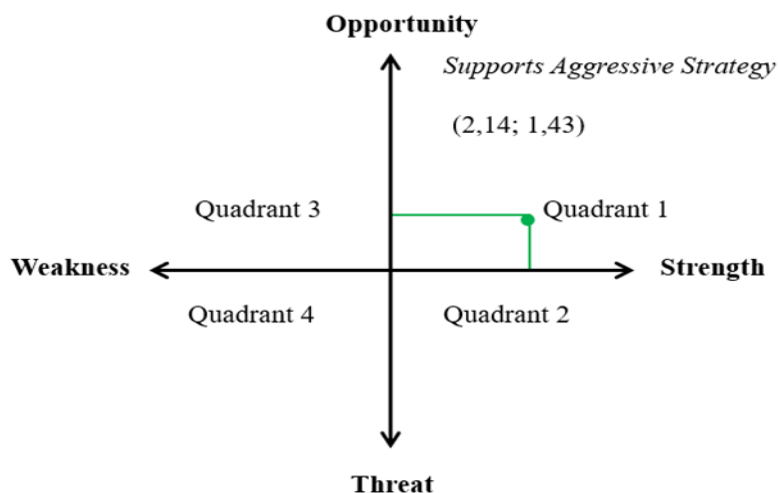
Development Strategy Of Local Msmes "Vis A Vis" The Development Of National Chain Minimarket Retail In Palembang City

To find out what strategies should be used by local wisdom MSMEs in Palembang City, after analyzing the IFAS and EFAS matrix, the next step is to determine the axis (X, Y). After the results of the (X, Y) axis, the next step will be to create a quadrant to determine the position of the company's quadrant. There are 4 SWOT quadrant cells, which are as follows:

1. Quadrant 1 (positive, positive) shows a very favorable position because the company has opportunities and strengths so that it can take advantage of existing opportunities. This strategy indicates that the company is strong and able to continue to grow to take the opportunities that exist to achieve maximum turnover.
2. Quadrant 2 (positive, negative) shows that the company has internal strengths. The strategy that must be applied is to use strengths to take advantage of long-term opportunities by means of a diversification strategy.
3. Quadrant 3 (negative, positive) shows that the company's condition is weak but has a great opportunity to grow and the company is advised to change its previous strategy, it is feared that the company will find it difficult to capture the opportunities that exist and the company must improve the performance of internal parties.
4. Quadrant 4 (negative, negative) draws a very unfavorable situation because it is clear that both internal and external parties are very weak. Companies are advised to use a defensive strategy, by improving their internal performance (Rangkuti, 2016).

The results of the calculation of the SWOT diagram coordinates are positive on both axes, with the X axis obtained value and the Y axis value. with a value of X = 2.14 and Y = 1.43. The results of the two values are both positive, so this shows that it indicates that local wisdom MSME players are in quadrant 1 position.

Figure 1 The Results Of The SWOT Diagram On Local Wisdom MSME Players



Based on the results of the SWOT diagram analysis, the X and Y axes are obtained. The straight line in the diagram above shows the coordinates in quadrant 1 position. Quadrant 1 is a

very profitable situation, where local wisdom MSME players can have strengths and opportunities, that can be utilized so that it is suitable to use the SO (strength-opportunity) strategy to develop local wisdom MSME businesses supported by aggressive growth strategies, namely:

1. Maintaining Community Interest by Optimizing Government Support Programs

One of the assistance that can be utilized by MSME players is through the Ministry of Cooperatives and SMEs in the form of food product production equipment and interest-free capital loans. This ministry works together with the Cooperative and SMEs Office in selecting business actors who are deemed worthy of business development assistance. Therefore, in order to help the development of MSMEs more focused and intense, the Palembang City Government added a new nomenclature specifically in the Office of Cooperatives and SMEs by forming the Entrepreneurship sector to support industrial development for MSMEs in Palembang City (Firman, 2023).

As also explained earlier, related to the support from the Palembang City Government, through the exhibition of superior products and services that are routinely held every year in order to be a driving force of enthusiasm and motivation for MSME players in Palembang. So MSME players must be able to seize this opportunity as an effort to innovate and collaborate with various parties so that local MSMEs can upgrade.

2. Optimizing Sales Without Limiting Target Markets both Domestically and Internationally

Based on the SWOT analysis, a strategy formulation is obtained that can be implemented by all MSME actors by optimizing sales without limiting the target market. In connection with the expansion of National Chain Minimarket Businesses such as Indomaret and Alfamart, this can be a business opportunity for Local Wisdom-Based MSME players to create opportunities for cooperation to form new business models in a sustainable manner.

Like national products such as meatballs and frozen packaged sausages, this can be implemented by business actors by implementing new business models such as frozen pempek and fast food tekwan which are sold in every strategic Indomaret and Alfamart unit in Palembang City such as Airports, Stations, and Shopping Centers. This strategy can take advantage of the momentum of support from the Government which provides space for local MSMEs to take advantage of the existence of Indomaret and Alfamart as business partners.

3. Utilizing Community Expertise to Intervene Local Products into National Chain Minimarkets

The strategy that needs to be improved in this regard is to encourage all pempek entrepreneurs to join the association. As the Cluster Theory explained earlier, that the cluster approach as the most powerful strategy in promoting the development of MSMEs is mainly based on the long experience in the development of MSMEs in European countries. MSMEs may not be disadvantaged at all when compared to large enterprises, as long as they can benefit from the advantages of clustering. Intervening local products into national chain convenience stores such as Indomaret and Alfamart requires constant innovation. This effort must be maintained by the pempek business players in Palembang.

Encouraging pempek entrepreneurs to join an association will increase creativity and help solve problems so that this cultural heritage can continue to exist amid the onslaught of contemporary food. With the right approach, MSMEs can successfully market their local products to national chain minimarkets, increase the visibility of their products, and contribute to local economic growth. The success of this strategy depends on a good collaboration between MSMEs, Associations, and National Chain Minimarkets.

4. Creating a Training Program of the Local Culinary Business Group Association to Maintain the Authentic Taste of Products

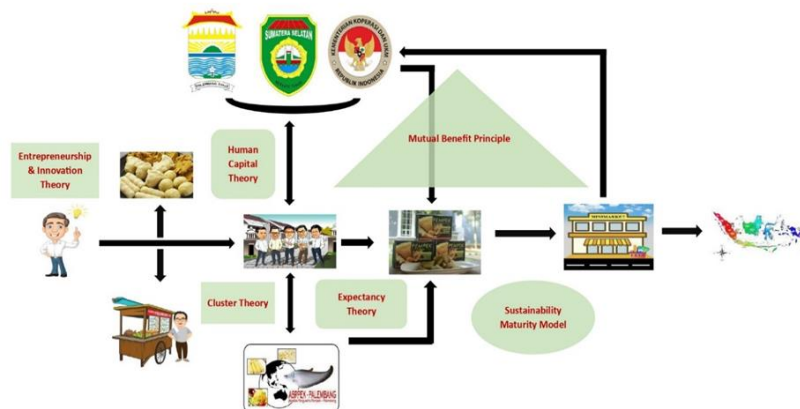
The last strategy, creating training programs from local culinary business group associations, is closely related to the strategy of utilizing community expertise to intervene in local products to national network minimarkets. This strategy is a very wise step to maintain the authentic taste of MSME products in the culinary field. Authentic taste is one of the biggest assets in the culinary business, and through training, associations of local culinary business groups can help maintain and improve the quality of the culinary products they offer.

Associations should work with their members to identify the local expertise inherent in making Palembang City's signature processed fish products. In addition to substantive training related to product processing, the Association can also develop training materials related to digitalization-based product marketing by cooperating with the Regional Government to support this step as an effort to preserve Pempek as a world-recognized Local Cultural Heritage (UNESCO).

Association can also invite its masters in the field of pempek who are already well-known brands to provide training to Association members. This is important to organize to help members improve their skills in producing products with authentic taste. Through this training program, MSMEs in the field of local culinary specialties such as pempek, tekwan, kemplang crackers, and so on can maintain authentic taste, improve product quality, and compete better in the market. This can also strengthen the distinctive local culinary identity and support the development of culinary tourism in Palembang City.

The following is a Local Wisdom-Based MSME Business Development Model that can be implemented based on the 4 SO (Strength-Opportunity) Strategies mentioned above:

Figure 2 MSME Business Development Model Based On Local Wisdom



Based on the figure above, the Local Wisdom-Based MSME Business Development Model must be based on sustainable innovation. MSME actors must develop their business starting with improving human resources and joining similar MSME clusters. Innovation will be obtained when an association or association thinks about and solves problems together and supports each other for the progress of the joint business, not knocking each other down. Advances in science and technology must be adapted together, of course with support from the Government. The massive phenomenon of the National Network Minimarket Retail Group is not to be fought against its existence, but to be used as a mutually beneficial partner for each other. The existence of the National Minimarket Network is a new business model opportunity for Palembang's typical culinary products.

The Local Government supports the strengthening of human resources and strengthening of industry-based products with support from the Central Government and continues to support regulations through various rules related to the development of Local MSME Products. as

previously made Regulation of the Minister of Trade Number 53/M-DAG/PER/12/2008, including in this case the regulations of the Mayor of Palembang and the Governor of South Sumatra.

This Local Wisdom-Based MSME Business Development Model is a common hope to achieve mutual benefits for each party. The government will certainly be helped by the realization of the ultimate goal of this model, which is that Palembang's typical food products will be widely spread in Indonesia through the empowerment of all local MSMEs which in turn will absorb a lot of jobs in the Palembang area. Efforts to increase state revenues will also be realized with various taxes paid, both from the MSME actors themselves, from minimarket companies, and from people who are consumers in the minimarket.

In addition, the National Network Minimarket Group will continue to get support from the Government because it has implemented cooperation with local MSME players. With the Sustainability Maturity Model, the long term of the new business model of local wisdom-based MSMEs in Palembang is market expansion to various regions in Indonesia and abroad.

DISCUSSION

Based on the results of the SWOT analysis, the results obtained from the calculation of the EFAS and IFAS matrices are in quadrant 1 coordinates, where local wisdom MSME players can have strengths and opportunities that can be utilized so that it is suitable to use the SO (strength-opportunity) strategy to develop local wisdom MSME businesses supported by an aggressive growth strategy. The SO (strength-opportunity) strategy that can be implemented by local wisdom MSME players in Palembang City is to maintain public interest by optimizing government support programs. In addition, optimizing sales without limiting the target market both domestically and abroad by forming new business models such as frozen pempek and fast food tekwan which are sold in every strategic Indomaret and Alfamart unit in Palembang City as well as national products such as meatballs and frozen packaged sausages, so it is possible that local MSME products will advance to the international market.

Another strategy is to utilize the expertise of the community to intervene local products to national network minimarkets by utilizing the skill of making pempek that has been passed down from generation to generation. Then the last strategy that can be applied is to create a training program from the association of local culinary business groups to maintain the authentic taste of the product by the way the Association should work with their members to conduct training including pempek ingredient mixing techniques, pempek shaping techniques, pempek frying techniques, and vinegar making techniques, which can make the taste of pempek products become characterized.

The association can also develop training materials related to digitalization-based product marketing by collaborating with the local government. After the training, the association can conduct periodic evaluations to ensure that Association members continue to improve their products.

CONCLUSION AND SUGGESTION

For MSME players, it is expected that they can maintain public interest in local products by optimizing support programs made by the government and making new innovations related to MSME products both in terms of production and marketing, and optimizing sales without limiting the target market. The government is also expected to establish various training and education programs that support the sustainability of local MSMEs in Palembang City. It can also provide easier access to MSMEs to obtain business capital, both supported by banking institutions and the central government through relevant ministries. The government can also create new regulations to support local MSME activities.

The community is also expected to maintain the preservation of Indonesia's cultural heritage, one of which is culinary heritage, by consuming and not abandoning local MSME products such as pempek and kemplang, amid the spread of modern culinary marketing.

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