

## STRATEGIES TO INCREASE THE COMPETITIVENESS OF SMALL AND MEDIUM ENTERPRISES (SME) POST COVID 19 PANDEMIC AT SENTRA WISATA KULINER (SWK) IN SURABAYA

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**Abstract:** SMEs in Indonesia continue to exist and develop despite the economic crisis that has hit this country since 1997, and have even become a lifeline for the nation's economic recovery because of their ability to make a significant contribution to PDM and employment. The existence of SMEs on social life is improving community welfare which consists of economic welfare, health welfare and educational welfare. This research uses qualitative methods, the focus of this research is on community empowerment through SMEs. In qualitative research, in-depth interviews are needed, which is one of the commonly used analytical methods. This research will attempt to interview several informants at the Culinary Tourism Center in the City of Surabaya. Research results show that with the new normal rules, SWK can be open until the evening. This was welcomed by local residents. To improve the quality of SWK, Dinkopdag is gradually making improvements ranging from service standards, re-design, to the taste of SWK products. SWK really needs attention from the City Government, not only limited to providing space but also paying attention to the sustainability of SMEs, especially in SWK which is devoid of visitors. The improvements range from implementing a single cashier, building improvements to training traders by skilled chefs.

**Keywords :** Competitiveness, Sentra Wisata Kuliner, SME

### INTRODUCTION

The development of the business world is very fast, this is marked by the increasing number of goods and services and their variants. Competition is increasingly fierce in the business world, not only in large companies, but also in small and medium companies (Utari et al., 2022).

The very increasing demands and expectations of society as a result of social dynamics that are too fast have in many cases caused the business sector to be overwhelmed. On the one hand, there is an accelerated increase in production, but on the other hand, many companies end up going out of business because they cannot compete.

History has shown that SMEs in Indonesia have continued to exist and develop despite the economic crisis that has hit the country since 1997, and have even become a lifeline for the nation's economic recovery because of their ability to make a significant contribution to human resources and employment (Kawet et al., 2021). The importance of economic recovery is greatly influenced by the success of the economy. Data for 2003 shows that the number of SMEs nationally was 42.4 million,

contributing to GDP reaching IDR 1,013.5 trillion (56.7% of total GDP) and a workforce absorption capacity of 79 million people. (Kawet et al., 2021).

As one of the big cities in Indonesia, Surabaya is a barometer of the economy in East Java. The Covid-19 pandemic has significantly affected Surabaya's economy. Numerous MSMEs were forced to shut down, yet some persist despite great challenges.

The problem of poverty is a classic problem and a complex and multidimensional reality that must be faced by the Indonesian people (BPS, 2023). According to BPS, in 2022, the number of poor people in East Java will reach 4,181,290 people. Meanwhile, the number of poor people in Surabaya in 2020 was 145,670 and in 2022 it increased by 4.7% to 152,490 people, while in 2022 it decreased by 5.1% to 138,210 people. (BPS, 2023). The various problems experienced by poor communities show that poverty originates from the community's helplessness and inability to fulfill basic rights, community vulnerability in facing business competition, conflict and acts of violence, weak handling of population problems, gender inequality and injustice, and opportunities. (Kurniawan & Kusumaningtyas, 2022)

Community empowerment is an economic development concept that summarizes social values. Chambers' concept reflects a new development paradigm that is centered on people, participatory, empowering, and sustainable. The main objective of empowerment is to create a climate of healthy and fair competition, which presents opportunities for survival and growth for cooperatives and small and medium-sized enterprises (SMEs). This community empowerment can be done by involving the community in SMEs activities (Sembiring & Subekti, 2021).

The factor that causes the development of SMEs in the social life of society is the ease of market access to sell production results (Humam, 2012). The existence of SMEs on social life is improving community welfare which consists of economic welfare, health welfare and educational welfare. Apart from that, society is able to increase its absorption of labor so that it can reduce unemployment. The community is able to create economic equality among the residents of the surrounding community. People are able to earn income to support their husband's or family's income. Communities are able to improve their economic level (Sembiring & Subekti, 2021).

Given the crucial role of SMEs in bolstering the family economy, the government's role is of utmost significance. The seriousness of the government in this regard is revealed by the existence of several empowerment programs relying heavily on synergy between the government and other stakeholders to increase effectiveness. (Rosita & Simanjuntak, 2022).

Poverty alleviation by developing SMEs has quite good potential, this has been proven that the SME sector has a large contribution to labor absorption, namely more than 99.45% of the workforce (Hamza & Agustien, 2019). The basic problems in the SME sector are low competitiveness, low capital, low skills, low management and low entrepreneurial spirit.

The low competitiveness of SMEs is also one of the reasons why SMEs do not develop in Indonesia. SME competitiveness includes competitive quality, quantity or variety of products, competitive prices and the use of digital marketing.

The tough challenges for small industries in facing the global economic system are becoming increasingly difficult, because small businesses in Indonesia generally still face structural/internal problems (management, human resources/HR, capital, marketing) which cause company performance to remain weak/low (Situmorang & Simanjuntak, 2019). Several indicators of the structural problems of small industries, namely: 1) There are very many of them, so competition between them is very high as well as competition with similar large-scale businesses. 2) Market segments are not separated from large-scale businesses, so competition and substitution occur. 3) Capital productivity, quality of human resources and technology are still low in absolute and relative terms. Existence stage (survival) and not yet at the stage of self-development or expansion.

To clarify the structural problems faced in accordance with the conditions of small industries, the following shows a comparison of the advantages and disadvantages of large and small industries:

Table 1. Comparison of Industrial Strengths and Weaknesses in Indonesia

Strengths	Weaknesses
Big business 1. Economies of scale and economies of scope 2. Information and technology 3. Raw Materials 4. Credibility and recognition	Big business 1. Bureaucracy 2. Less flexible 3. Organizational complications, 4. Communication
Small-Medium Business 1. Flexibility 2. Adaptability, responsiveness 3. Proximity to consumers, users.	Small-Medium Business 1. Resources, Capital, HR 2. Weak credibility and recognition 3. Economies of scale

Source: (Suparno, 2020)

## LITERATURE REVIEW

### Customer Loyalty

SMEs are productive economic entities conducted by individuals or business entities that are not owned or controlled by companies or their subsidiaries (Undang-Undang Republik Indonesia Nomor 20 Tahun 2008, 2008).

Statistics Indonesia, also known as BPS, classifies businesses based on their number of employees. Micro businesses comprise 1 to 5 workers, small businesses have 6 to 10 employees, and medium businesses employ 20 to 99 individuals.

The Ministry of Industry and Trade defines small and medium industries as those with an investment value up to Rp. 5 billion. Additionally, small businesses in the trade and industry field are classified as those with fixed assets of less than Rp. 200 million and an annual sales turnover of less than Rp. 1 billion.

Small and medium-sized enterprises (SMEs) play a significant role in Indonesia's economy. Their contributions include job creation, income distribution, rural economic development, and driving increased exports. This objective statement highlights the importance of SMEs in Indonesia's economic landscape, without biased or emotional language. (Fidela et al., 2020).

### Community Empowerment

Murdani & Hadromi (2019) Empowerment aims to enhance the capacity of individuals or groups to fulfill their duties and responsibilities as required by their job performance. Ultimately, this approach leads to the efficient and effective attainment of organizational goals. This process can be achieved through various measures, such as increasing participation and building confidence, enabling each individual or group to comprehend their respective roles and responsibilities. In accordance with Law Number 20 of 2008 pertaining to SMEs, Empowerment encompasses the endeavors made jointly by the Government, Regional Government, business sector, and society to facilitate climate development and business progression for SMEs, resulting in their growth and establishment as robust, autonomous entities.

The goals of empowering UMKM are as follows: 1) Establishing a balanced, prosperous and equitable economic structure on a national scale; 2) Enhancing and cultivating the capacity of micro, small and medium-sized businesses, to become self-reliant and resilient entities; 3) Expanding the influence of micro companies on regional development, poverty alleviation, income reduction, economic growth and poverty eradication.

## RESEARCH METHODS

### Types of research

This study employs qualitative methods to examine community empowerment through SMEs. In-depth interviews constitute one of the commonly used analytical methods in qualitative research. To this end, we aim to conduct interviews with selected stakeholders at the Culinary Tourism Center in Surabaya.

### Data Analysis Techniques

This study's data analysis approach involves four steps: 1) Collecting data; 2) Reducing data; 3) Displaying data; and 4) Drawing conclusions. Employing data reduction enhances the validity

of the results obtained as it removes information not fully compliant with the Indonesian language according to the EYD. Figure 1 illustrates this process.

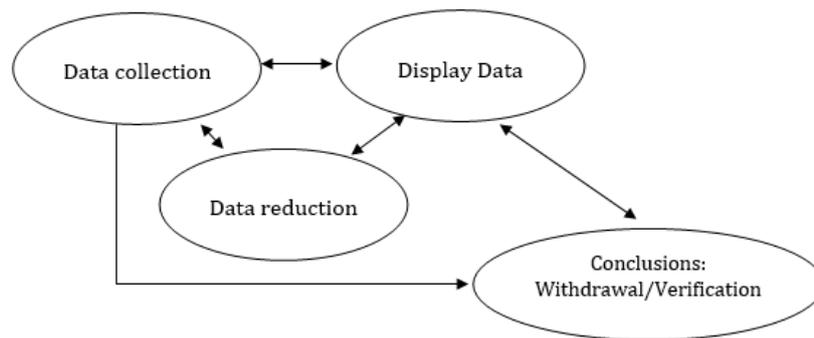


Figure 1. Data Analysis Techniques

## RESEARCH RESULT

### Description of Research Objects

The city of Surabaya harbors a dense population that does not match the employment opportunities provided, so many people are opening micro and small businesses or seeking income through trading, both Five Foot Way Traders and medium sector traders. However, increasingly, many illegal Five Foot Way Traders are allowed to sell in random places in the corners of the city of Surabaya, which really disturbs the comfort of road users and also makes the view of the city of Surabaya look dirty because there are many Five Foot Way Traders who sell on the sidewalks. and throwing rubbish carelessly.

Many Five Foot Way Traders selling on sidewalks, parks, roadsides and other locations haphazardly, the Surabaya City Government has begun to regulate and organize these street vendors, referring to Surabaya City Regional Regulation No. 17 of 2003 concerning the arrangement and empowerment of street vendors. From this regulation, the Surabaya City government took the initiative to create a special place for street vendors, especially those with Surabaya ID cards, to be relocated to that place. This place was given the name Culinary Tourism Center or what is usually called SWK with the aim of making the traders more organized and centralized. so that buyers or visitors find it easier to find the culinary delights they want.

SWK is one of the products produced by the Surabaya City government, as a relocation place for street vendors who used to sell on the side of the road without a permit, who were then moved to one place where the place contains business people in the culinary sector, where These are called culinary tourism centers. To date there have been 49 culinary tourism centers that have been built and function as places for street vendors with Surabaya ID cards to sell and these culinary tourism centers have become iconic in that the city of Surabaya has a special place for culinary tour, especially culinary specialties of the city of Surabaya and the traders in it are native residents of the city of Surabaya

Based on the research results obtained, strategies can be described to increase the competitiveness of SMEs in SWK Surabaya as follows:

### Strength

Strength as an internal attribute in helping achieve goals. In this research, various things were found that can be used as strengths for SMEs in SWK of Surabaya City which can be explained as follows:

1. Provision of premises, provision of training and assistance to MSMEs from the government
2. Supporting facilities and infrastructure, neatly arranged tables and chairs, and free WiFi that can be accessed by the public.

### Weakness

Weaknesses as internal attributes that become obstacles to achieving goals. In this research, various things that can be identified as weaknesses of SMEs in SWK Surabaya City can be explained as follows:

1. There are no toilet facilities and places of worship
2. There is an imbalance between the number of companions and the number of SWK so that they

- cannot reach all SWK in Surabaya
3. There is a conflict of interest in arranging permits to use stands at SWK, there are some SWK who only want to recommend their own residents, so you often encounter traders who are not genuine street vendors, but people who are still trying to sell.
  4. There are some traders who only take short profits. So it can create a bad impression between customers and traders.
  5. Disharmony between customers, for example there are customers who do not occupy seats in the booth area they purchased
  6. SWK's location is less strategic
  7. Limited parking space

### **Opportunity**

Opportunities as internal attributes that can help in achieving goals. In this research, various things were found that can be identified as SME opportunities in SWK Surabaya City which can be explained as follows:

1. Business owners can have repeat customers if the food/drinks and service are quality
2. Become a quality culinary center and be known for the quality of its food if promotions are increased
3. Opportunity to promote East Java culinary culture which could become a tourism attraction
4. Utilization of delivery services such as GoFood, GrabFood, Shopee Food and so on
5. There is an increase in the quality of services and products sold with training provided by the government

### **Threat**

Threats as internal attributes that become obstacles to achieving goals. In this research, various things that can be identified as weaknesses of SMEs in SWK Surabaya City can be explained as follows:

1. Many modern places to eat and drink
2. Similarity of food and beverage products sold
3. Customers have a sensitivity to quality food or drink products

### **Strategy Alternatives**

In order to achieve the goals and objectives to be achieved in increasing the competitiveness of SMEs in SWK Surabaya City, comprehensive strategies and policies can be formulated. The preparation of alternative strategies is based on the internal conditions of SMEs at SWK Surabaya which relate to strengths and weaknesses. Meanwhile, the external conditions of SMEs in SWK Surabaya relate to opportunities and challenges. The following will explain the alternative strategies:

1. Utilization of information technology innovation to increase sales such as the use of GoFood, GrabFood, Shopee Food applications and so on
2. Improving the quality of SME human resources through assistance and training in financial management and improving the quality of food and beverage products.
3. Add toilet facilities and places of worship to SWK where these facilities do not yet exist.
4. Tables and seats can be arranged in such a way, so that customers are free to choose a seat according to their needs
5. Increase the variety of food and drinks.
6. The Surabaya City Government continues to improve SWK starting from implementing single cashiers, building improvements to training traders by skilled chefs.

## **DISCUSSION**

### **Condition of SMEs at SWK Surabaya**

This Culinary Tourism Center has 3 functions, namely, a place to eat and drink, an interactive exhibition area to display start-up products from the culinary sector and other creative economy sectors and a learning and workshop area for culinary start-ups in the city of Surabaya. Through this culinary tourism center, it is hoped that it will be able to develop the creative economy of the culinary sector in the Surabaya area and attract Surabaya residents and those

from outside Surabaya to culinary production in the city of Surabaya. Currently there are around 49 SWK spread across various areas managed by the Surabaya Dinkopdag. After the pandemic subsided, SWK became a solution to drive the people's economy.

After the new normal policy, SWK started to open from morning to night, especially on Saturday-Sunday. Since the pandemic, SWK has felt such a big impact, where sales operational hours have been limited. Now with the new normal rules, SWK can open until the evening. This was also welcomed by local residents, especially SWK which is close to offices and campus, so during break times employees or students usually often visit SWK. Especially after the new normal, campuses and offices start to open again, the opportunity for lots of visitors will be even greater.

### **Factors that influence the success of SMEs at SWK in Surabaya in managing their business**

The public's perception that SWK is a place for the lower middle class has made SWK's position even more cornered. To change this paradigm, efforts are needed to recondition how society views SWK. From service standards, re-design, to the taste of SWK, it needs to be developed to display a modern impression. To improve the quality of SWK, Dinkopdag is gradually making improvements.

### **Obstacles faced by actors in increasing the success of SMEs at SWK Surabaya**

SWK really needs attention from the City Government, not only limited to providing space but also paying attention to the sustainability of MSEs, especially in SWK which is devoid of visitors. Some SWK placement locations are not strategic. There are SWKs which are located in residential areas, not close to main roads. But even though it is near the main road, there are still few visitors.

### **Strategies implemented by actors to increase the success of SMEs at SWK Surabaya**

The strategy carried out in an effort to increase the success of SMEs at SWK in Surabaya is the taste of the food itself, where the taste of the food factor can influence consumer interest in buying, a clean place, service to consumers, additional menu variations, prices that are affordable for all society. hygienic packaging, menu variations, and sales marketing strategies. Implement delivery services. Building communication with customers, joining Go food, Grab food and Shopee food.

### **The strategy implemented by the Government to increase the competitiveness of SMEs at SWK Surabaya**

The Surabaya City Government continues to improve SWK at several points in the City of Surabaya. The improvements range from implementing a single cashier, building improvements to training traders by skilled chefs.

With this single cashier payment system, the management of traders can be recorded. Be it financial management or the culinary products they serve. Through the single cashier payment system, you can find out how big SWK's turnover is. Whether daily, weekly or monthly turnover obtained by each trader. Regarding the transaction flow mechanism, the buyer orders one of the menus at the merchant, then gets a duplicate note for the transaction at the cashier. Next, the buyer gets a new note at the cashier. So, this new note is proof that the buyer has completed the transaction. Meanwhile, the note from the trader will be stamped by the cashier.

Synergizing with a number of hotels to bring in chefs to provide training to traders. The focus of the training targets the taste and appearance of food to make it more attractive. The Surabaya City Government also provides financial bookkeeping management training to traders. They were taught how to separate business management from household management, because so far traders have mostly mixed business finances with household finances, so from now on they have to be separated.

## **CONCLUSIONS AND SUGGESTIONS**

### **Conclusion**

Based on the results of the analysis that has been carried out, it can be concluded that during the pandemic SWK in Surabaya felt a huge impact, now with the new normal rules, SWK can be

open until the evening. This was welcomed by local residents. To improve the quality of SWK, Dinkopdag is gradually making improvements ranging from service standards, re-design, to the taste of SWK products. SWK really needs attention from the Surabaya City Government, not only limited to providing space but also paying attention to the sustainability of SMEs, especially in SWK which is devoid of visitors. The strategies that SWK can implement include adding menu variations, affordable prices, hygienic packaging, and sales marketing strategies by joining Go food, Grab food and Shopee food. On the other hand, the Surabaya City Government continues to improve SWK at several points in the City of Surabaya. The improvements range from implementing a single cashier, building improvements to training traders by skilled chefs.

### Suggestions

Based on the results of the research conducted, several suggestions can be put forward as follows:

1. To SMEs at SWK Surabaya to maximize existing strengths and opportunities, and minimize weaknesses and threats so that SMEs can continue to develop in the future.
2. To SMEs in SWK Surabaya to further optimize marketing both from social media and through Go food, Grab food and Shopee food
3. The Surabaya City Government should increase the number of assistants to better reach the entire SWK

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