

Strategy for Developing SMEs Based on Local Potentials: Case Study in The District of Sleman, Yogyakarta

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ABSTRACT

The aim of this study is to describe the strategy for developing MSMEs based on local potentials to enhance and develop the people's economy and welfare in Girikerto Village, Turi, District of Sleman. This study uses a descriptive qualitative research methodology; The object of this research is MSMEs in the Village of Girikerto, The Kapanewonan Turi; Primary data are obtained from an interview, field note, observation, and FGD with the stakeholders; Secondary data are taken from the Profile of Girikerto Village, Central Statistics Bureau, The Office of Cooperatives and Small Scale Enterprises of the District of Sleman, Special Region of Yogyakarta. Findings of the research is that the strategy for developing MSME based on local potentials, begin with the assessment of the local potential to develop involving stakeholders guided by the government to formulate policies and programs, provide facilitation, and develop activities in collaboration with related institutions, business, and universities by empowering creative and innovative human resources to process into competitive and value-added products. This study contributes to the concept of formulating a strategy for developing MSMEs based on the local potential to strengthen the community's economy. This study can help the government to promote and develop the program and policy in developing MSME based on the local potential to enhance the communities' economy and welfare. The Research is limited in developing MSME based on local potentials in the Village of Girikerto, Turi

Keywords: Strategy, Developing, SMEs, Local potentials.

INTRODUCTION

that the challenges for the development of MSME are 1. Improving the quality of human resources in terms of management, organization, and technology capabilities, including small and medium-scale businesses. 2. Entrepreneurial competence, 3. Wider access to capital, 4. Transparent market information. To face the challenges and problems of MSMEs it is necessary to conduct an assessment of the potential of local resources for development as well as empowerment. What potentials can support the development of MSMEs in Girikerto? How to use and empower the existing potential in supporting MSMEs development so that they can compete and continue to improve the community's economy? What kind of strategy can be applied for solving the challenges

based on the local potential? Some of the obstacles faced are the products do not meet safety standards or are not environmentally sound. It needs strategy. The strategy means a plan or approach that will lead the organization to reach the mission and overall purpose of the organization.(Sawangchai et al., 2018). From the description above, this study focuses on the Strategy for Developing MSMEs Based on Local Potential in the Village of Girikerto. Kapanewon Turi is a driver of the community's economy. The aim of this study is to describe the strategy for developing MSMEs based on the local potential to enhance and develop the people's economy and welfare in Girikerto Village, TuriMSMEs have an important role in Girikerto to enhance the community's economic development(Lin et al., 2022). The people have utilized the local potential for fulfilling their needs and enhancing economically added value (Khan et al., 2022) through the activities of economic empowerment in the form of Micro Small Medium Scale Enterprises (MSMEs). Utilization of local potential requires the ability to innovate and create new products in the form of processed products through a combination of innovative activities, strategies, and technological processes (Vicente et al. 2015). Innovation and creativity are a process that begins with ideas, and discoveries from the introduction of new products, development, and processing them (Susana, 2021). To develop and utilize progressive and sustainable MSMEs, a conducive ecosystem is required. The ecosystem elements such as funding, organization, technology and data, institutional infrastructure, and government policies would make it easier to raise a business(Han & Shah, 2020) To enhance their performance to be competitive and innovative, the MSMEs have to have the ability and capacity to develop new products through a combination of innovative behavior, strategic capabilities, and internal technological processes (Susana, 2021). Girikerto Village which has abundant natural potential resources has utilized them through MSME centers but it still needs more paying attention to the preservation of nature to encourage community involvement in improving the economy. To enhance the community's economy and welfare the community of Girikerto has developed an MSMEs center for economic activities. To endeavor to enhance communities' economy, the development, and empowerment of the MSMEs' capacity through utilizing local potential resources are needed. The development of local, creative, and innovative resources as part of the activities and creativity of MSMEs in the region has been able to become a competitive mainstay product. MSMEs' activities are quite an effective alternative to promote the movement of the people's economy. MSMEs produce products/services that the community needs in utilizing local resources, either raw materials, human resources, knowledge, or local technology.(Nurlinda, 2020). The Village of Girikerto, Kapanewonan Turi, in the District of Sleman, Yogyakarta has many potential MSME products made from local materials, which are very diverse, including batik fashion, agriculture, fishery, husbandry, tourism sports, handicraft, and processing industries. Developing MSMEs based on the local potential in Giri kerto still faces quite many challenges and problems. Only some members of MSME have been active and have innovation and creativity. MSMEs in Girikerto Village are still relatively new and still limited to managing activities but have not played a maximum role in the fields of human resources, competence, managerial financial institutions, and development systems. The existing potentials have not been developed professionally, institutionally, and with good management by the stakeholders in a programmed and planned manner.

According to Haeruman (Rahmawati 2019), District of Sleman. There are many studies that have been conducted previously connecting to MSMEs' Empowerment and development. (Susana, 2021) their study the Empowerment of Small and Medium Businesses (SMEs) Based on Regional Potential to Increase Competitive Advantage and Business Performance in Malang concluded that the ability of innovation, innovation culture, human resource capabilities, and customer orientation has a significant effect on the competitive advantage and business performance of SMEs. (Susana, 2021) Sri Budhia, et.al have researched Strategies and policies for developing SMEs based on the creative

economy in the province of Bali. The research described that the ability of creative economy-based SMEs to compete in the global era depends on the factors of venture capital, business relationships/networks, quality and competence of human resources, use of technology and equipment, product promotion, online marketing, access to information, accounting systems, product innovation, brand, and ease of raw materials (Khaddam, 2020) ; (Anggraeni, Feni Dwi, et.al 2013), have conducted research on the Development of Micro, Small, and Medium Enterprises through the Facility of External and Internal Potential in Pandanwangi Village - Blimbing Malang District. The research found several obstacles faced by the business group in developing their business. The most basic problems faced by MSME actors are human resources who lack knowledge and skills in business development, problems in the capital, lack of facilities and infrastructure, and lack of access to product marketing.(Anggraeni, Feni Dwi, et.al, 2013.);(Hariri et al., 2021.) have researched "Empowering micro, small, and medium enterprises (MSMEs) through "community-based economic development". The study was conducted in the MSME center in the village of Rejowinangun, Blitar Regency. The results of this study are a model for empowering MSMEs based on village potential with an SME group approach. (Hariri et al., 2021.)

However previous studies no one focused on the strategy for developing MSMEs based on local potential. The previous study focused on the empowerment of SMEs based on regional potentials; strategies and policies for developing MSMEs based on the creative economy; the Development of MSMEs through the facility of external and internal potentials; and the empowerment of MSMEs based on village potentials. The recent study focuses on strategy for developing MSMEs based on local potentials in the Village of Girikerto, Turi, Sleman, Yogyakarta.

This study uses a qualitative descriptive method aimed at providing a description and getting a clear and complete description of the phenomena that can be used for answering the problem formulation, namely an overview of developing MSMEs based on local resources. This study will contribute to the government and MSME organizations in formulating strategies for developing MSMEs based on local potential. This study will also provide the concept of how to formulate the program for developing MSMEs business by utilizing local- potential to strengthen the community's economy.

LITERATURE REVIEW

Local Potential

Micro, Small, and Medium Enterprises (MSMEs) have a major role in regional development, job creation, income distribution, economic growth, and poverty alleviation (Teka, 2022);(Susana, 2021); (Hariri et al., 2021.); (Lin et al.,2022) The characteristics of MSMEs are "the fluctuating nature or conditions inherent in business activities and the behavior of the entrepreneur concerned in running his business".

According to Law No. 20 of 2008, MSMEs have the potential to realize economic growth, and equity and increase people's income, create job opportunities, and alleviate poverty. (Teka, 2022);(Susana, 2021); (Hariri et al., 2021.); (Lin et al.,2022). Based on the Regulation of the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia Number 07/Per/M.KUKM/VII/2015 states that "The potential of MSMEs is shown by their role as a source of community income, fulfilling demand for domestic goods and services, job creation, and increased value added that have an impact on reducing poverty and economic growth".

The potential of MSMEs must be developed and institutionalized to strengthen the community's economy. The potential of MSMEs is very influential on the existence of institutions and

development. The development of MSME is strongly influenced by the internal potential of a product that is needed by the community to strengthen the domestic market at a relatively affordable price. Local potentials have strong relationships among local resources and culture, as well as knowledge, hand skills, and work patterns that are passed down from generation to generation. The use of local resources reduces dependence on imported raw materials; (Nurlinda, 2020). To strengthen MSME, it is necessary to develop local innovations based on community needs and carried out by utilizing and empowering local resources and existing capabilities without having to incur expensive costs (Suyatno, 2019)

Empowerment of MSMEs

Micro, small, and medium enterprises (MSMEs) play a vital role in economic development in Indonesia because they employ a lot of people (Lin et al., 2022) SMEs activities empower the local community in developing the local economy (Tambunan et al., 2021.); (Anggraeni, Feni Dwi, et.al, 2013.) (Hariri et al., 2021.). Empowering MSMEs is an effort made by the government, local government, business world, and community synergically to grow the business climate and development so that MSMEs enable a business to grow and develop strongly and independently (number 8 by Law No. 20 Th 2008). Some of the principles of MSME empowerment include (1) the Development of regional potential-based and market-oriented businesses by the competencies of Micro, Small, and Medium Enterprises. (2) Increasing the competitiveness of Micro, Small, and Medium Enterprises. (3) Implementation of integrated planning, implementation, and control. (Susana, 2021). The purpose of empowering MSMEs is to improve the role of Micro, Small, and Medium Enterprises in case of job creation, income distribution, economic growth, and alleviating people from poverty. (Tambunan et al., 2021.) (Hariri et al., 2021.). Empowerment of MSMEs must be carried out comprehensively, and optimally, and continues through the development of a conducive climate. To improve their position, role, and potential in realizing economic growth and providing business opportunities, the activities of MSMEs can increase people's income, create jobs and reduce poverty. (Susana, 2021). Empowerment activities for SMEs have been carried out by government institutions, educational institutions, and even community institutions. The pattern of empowerment can be carried out for each business actor group or in a cluster model (Hariri et al., 2021.) These activities are carried out to develop the local economy through the utilization of local potential.

Local Economic Development (LED)

To develop the local economy, MSMEs take an important role based on the utilization of locally based potentials. In the development of the local economy, local government and community organizations should involve to encourage, stimulate, and maintain business activities to create jobs. (Meyer, 2014). Local economic development is an effort to empower the community's economy in an area by relying on local strengths, natural resources, human resources, technology, institutional management capabilities (capacity of institutions), and experience assets (Haeruman, 2007).

The Development of MSMEs Based on local potential is closely related to the empowerment of human resources, institutions, and the surrounding environment to develop the local economy. The empowerment program through local economic development, and supported by local potentials such as natural resources, human resources, technology, and the capacity of institutions, the empowerment program will be quite successful. (Meyer, 2014). LED is the total of all economic activities by all relevant stakeholders within a specific defined geographical region, working together in partnership to create economic development and ultimately improvement of quality of life for all residents in the area. (Meyer, 2014)

Institutions

The activities of MSMEs based on the utilization of local resources and local knowledge for developing and strengthening communities' economies require effective and efficient institutions. MSME institutions must encourage more activities, innovation, culture, empowerment, and utilization of local-based resources. Most MSME products have strong links with local resources and culture, as well as knowledge, hand skills, and work patterns that have been passed down from generation to generation. The use of local resources reduces dependence on imported raw materials (Nurlinda, 2020). Kaufmann, Kraay, and Mastruzzi (2011) provide six dimensions of institutions quality: (1) accountability, which is related to citizens' participation in electoral processes as well as the freedoms of expression, association, and press; (2) political stability and absence of violence or terrorism; (3) government effectiveness, which is measured by the quality of public services, the civil service, and its independence from political pressures; (4) regulatory quality, which is linked to promoting the development of the private sector; (5) the rule of law, particularly the enforcement of contracts and property rights, as well as respect for the security forces and the courts of law; (6) and the control of corruption. (Pau Sendra-Ponsa, et.al, 2022). To produce qualified products, competent, innovative human resources are needed to have good management capacity and adequate funds so that they can survive and compete at national and global levels (Endris & Kassegn, 2022). For this reason, strong institutions are needed, both as the main institution as a producer, empowering and utilizing local resources, and supporting institutions. To develop strong MSME institutions based on local resources, it is necessary to involve creative and innovative local communities, the government to facilitate policy, academicians to provide guidance and development, and technology trainer to improve their products in higher quality and competitive according to the standards of business in improving the community's economy. (Suyatno, 2019). There are several institutions involved in developing and strengthening the existence of MSMEs, namely actor institutions, supporting institutions from the community, institutions from the academic sector, business sector institutions, and government institutions. They have rules of the game in their respective organizations according to their competencies and roles. Institutions in this study can be classified into main institutions and supporting institutions. MSMEs as institutions require an integrated system. Development institutions must be integrated among stakeholders and interact with each other at all levels (Suyatno, 2019)

Stakeholders and Activities

The role of stakeholders in the development of MSMEs is to encourage a productive economy. Stakeholder involvement is needed to meet the needs of community empowerment that must be adjusted to the challenges and the local wisdom of the community. The role of stakeholders in building business can be made a strategy to facilitate dialogue forums to synergy stakeholders. (Harrison et al., 2015) (Freeman & McVea, 2005). The interaction among business actors and groups or individuals can influence each other for getting better and more effective opportunities. A stakeholder can be defined as a set of relationships among groups that have a stake in the activities that make up the business (Jones, 1995; Walsh, 2005). (Harrison et al., 2015). The business process is to manage and integrate the relationships and interests of shareholders, employees, customers, suppliers, communities, and other groups in a way that ensures the long-term success of the firm. (Darden, 2019). A stakeholder approach emphasizes active management of the business environment, relationships, and the promotion of shared interests. (Harrison et al., 2015) (Freeman, et.al: 2010). In developing MSMEs, an empowerment strategy is needed that involves the role of the Government, the role of universities, businesses, and the role of other stakeholders in developing MSMEs towards a productive economy. The synergy between stakeholders can increase the competitiveness of MSMEs. It is hoped that cooperation among

MSMEs stakeholders is expected to be able to become modern MSMEs and can compete in the era of the Industrial Revolution 4.0 and Society 5.0 (Hidayat et al., 2015.)

RESEARCH METHOD

This study uses a descriptive qualitative research methodology aimed at providing a description and obtaining a picture of a phenomenon that is useful for answering the problem formulation, of the development of MSME based on the local potential to empower and develop the economy of the people in the Girikerto Village, Turi, Sleman. (Neuman, 2014). The object of this research is MSME in the Village of Girikerto, The Kapanewonan Turi, The District of Sleman, Yogyakarta Province. Primary data are obtained from interviews, field notes from observation, and FGD with the stakeholders concerning the MSME development based on local potentials in the village of Girikerto, Turi, in the District of Sleman. This study uses secondary data from the Profil of Girikerto Village, Badan Pusat Statistik (BPS), Dinas Koperasi dan UKM Kabupaten Sleman DI Yogyakarta. The data were analyzed using qualitative descriptive analyses. The analysis begins with the assessment of local potentials, institutions, and stakeholders involved to develop the MSMEs then the potentials are verified to utilize and develop. This research begins with the assessment of the local potentials, institutions, and stakeholders and their activities involved in developing the MSMEs then develops and analyzes the phenomenon and then makes narration and presents it narratively so that conclusions can be drawn (Miles, Matthew B and Huberman A Michael: 2009). The analysis process is carried out simultaneously through three channels, namely reduction, testing of information, and conclusion (Miles, 2009).

RESULTS AND DISCUSSION

The Development of MSMEs is supported and facilitated by the Government and institutions under their roles, and capacities by utilizing local- potentials to strengthen the community's economy and involving all stakeholders in a programmed and planned manner (Siddiq, et.al., 2020)

The Potentials of Girikerto Village

Girikerto Village with an area of 1,002.9726 Ha divided into rice fields, plantations, and settlements. The region has a lot of potential that can be developed and utilized to meet the needs of the community's economy (Siddiq, 2020). Girikerto Village is inhabited by 8,278 people, consisting of 4,121 men and 4,157 women. Based on the age of Girikerto's population, most are between 25-49 years, namely 34.8%, then the elderly group (over the age of 50 years) is 28.39%. While the ages of adolescents and youth are almost the same, namely 18.98% aged between 0-14 years, and 17.81% aged 15-24 years. Based on the education level of the residents of Girikerto Village, from the latest data, in 2019 there were 20.51% did not attend school, and the remaining 68.44% had received education at the level from Elementary Education to Higher Education. (2019 Girikerto Village Profile). Based on the observation, Girikerto Village has a lot of potential, especially in agriculture, plantations, animal husbandry, fisheries, craft industries, and processed food products. The main products in Girikerto Village are salak pondoh, snacks, and Ottawa goat milk, fish, batik, creative crafts, and processed food. The potentials are utilized for increasing communities 'economy. Most women have participated in MSMEs groups in the field of food, snack, batik craft, handicraft, and milk processing, while their husbands work in other sectors. The solidarity of the community in Girikerto is still well maintained, this can be proven by the ongoing various activities such as community service, youth groups, mosque youth, the Building of Family Welfare (PKK), a group of ten neighborhoods, and combined farmer groups. These activities potentially support MSME development. Based on the results of discussions with the member of MSME, it was found that the village of Girikerto has various potentials which can be utilized and exploited in developing the economy and people's welfare. Development and utilization are carried out to meet the needs and

improve the community's economy (Susana, 2021)(Meyer, 2014). Based on the results of the FGDs conducted in the Office of Girikerto Village with the participation of Girikerto Village Officials, MSME Management, and MSME Actors can be concluded that Girikerto Village has a lot of local potential including agriculture and plantations, fisheries, livestock, and dairy, processed products, crafts, and tourism. An overview of local potentials in supporting the development of MSME in Giri Kerto Village can be classified in the following table

Table 1. Main Local Potential of Girikerto Village

No	Field of Potentials	Row Product	Innovative Product	Actors	Stakeholders
1	Agriculture and Plantation	Fresh Salak, Rice	salak chips, Crackers salak strudel, candy salak, and salak dodol	Farmers,	Farmers, Skills craftsmen, Government, University, practitioners, businessmen, and Finance institutions
2	Husbandry	Goats Meat, Poultry, and Milk	Powder Milk, Ice cream, Soap, Butter, and Body lotion.	Farmers, craftsmen	Farmers, Skills craftsmen, Government, University, practitioners, Businessmen, and Finance institutions
3	Fishery	Fresh Fish	-	Farmer	Farmers, businessmen, Government, and University
4	Creative Crafts	Recycling materials	Batik, Fashions, Handicraft	Craftsmen	Farmers, Skills craftsmen, Government, University, practitioners, Businessmen, and Finance institutions
5	Food and Culinary		Processed food	Craftsmen	Farmers, Skills craftsmen, Government, University, practitioners, Businessmen, and Finance institutions

It is known that Girikerto Village has various local potentials which are developed through MSME to improve the community's economy. Girikerto, known as the largest salak pondoh producer in Indonesia, has sold its products in the form of fresh and processed foods such as chips, crackers, sweets, strudel, and dodol salak. Based on the interview with one of the salak farmers, she explained that the farmers have faced problems of low prices during the main harvest, from December to January. The products are very abundant so the price is very low. For this reason, innovative and creative human resources (Siddiq, 2020; Susana, 2021)(Tambunan et al., 2021.); (Hariri et al., n.d.) are needed in processing and utilizing fruit to be processed food products that have more economic value. The activities of processing fresh salak are conducted conventionally under the guidance of the Office of Food Security, the Office of Industry, the Department of Agriculture, and the universities (Hidayat et al., 2020); (Darden, 2019); (Suyatno, 2019).

The activity of goat husbandry in Giri Kerto is an integrated business between livestock raising and plant farming. Based on the interview with one of the UKMK administrators, she said that each goat breeder in Girikerto Village has around 5 to 30 goats for breeding and producing milk for each farmer. The Village Girikerto have 12 goat milk processing centers in 2020. The activities have been started since 1990. Goat milk cultivation and management activities are carried out with guidance from the Department of Agriculture and Animal Husbandry. Processing of milk into powder is done by the breeders who have been trained by the Task Force from the Office of Industry. Some breeders produced frozen milk and then sent it to the factory to be processed into powder and packed. The milk has also been processed becoming ice cream, soap, butter, and body lotion. The

constraint faced (Siddiq, 2020) by the farmers is too expensive the price of animal feed, however, breeders cannot make feed by themselves, and there is no standard of price. The fishery is very potential in Girikerto; however, the fishery business has not been developed in processed products. The fishermen sell fresh fish products. The problems faced in the fishery activities are the high price of feed, the farmers cannot make qualified feed, and the price of fish can not cover production costs. In the discussion with the member of MSME, the group of batik painters explained that the creative industry of handicraft products in Girikerto is batik. The Office of Industry has carried out coaching and training and facilitated the equipment for batik activities to the people of Girikerto, however, only some participants applied the skill. The typical Girikerto batik depicts salak, birds, and goats the potential of Girikerto called “semar dhalil” as the creations and innovations of the craftsmen. Craftsmen market their batik products by orders, Dekranas, exhibition events, and in collaboration with Associations, and the Sekar Giri Group. GKBI, BUMDES, and MSME are the venues for marketing. The obstacles faced were the training participants after completing the training did not follow up on their skills, there was still a lack of infrastructure and guidance, and the batik painters had not been able to design themselves. Some of the people in Girikerto also conduct waste management and utilization activities through recycling. Products from the management and utilization of recycled waste are woven crafts, flowers, wallets, Bible cases, Quran cases, pencil cases, and other souvenirs and other art products. All of this is produced in the “crista cristy” recycling house.

Development of MSMEs Based on Local Potentials.

In the effort to develop and empower local potential to meet the needs and improve the community's economy, a forum is needed. UKMK is one of the institutions for the development and improvement of the community's economy based on local potential). Based on the discussion with the members of MSMEs, Girikerto Village has an MSME institution that continually grows and regularly holds activities. MSMEs, where most of the management are women, regularly hold meetings and carry out various activities. MSME in Girikerto has a membership of 50 people. This type of MSME business consists of 4 clusters, namely culinary, batik, dairy, and ornamental plants/crafts by utilizing and empowering local resources. MSMEs as a forum for micro, small, and medium enterprises have carried out many coordination activities, promotional training, and facilitation for members (Siddiq, et.al 2020). Every month hold meetings to coordinate and socialize activity plans and evaluate program activities under the guidance and facilitation of the village government. (Tambunan et al., 2021.); (Feni Dwi Anggraeni, et.al, 2013); (Hariri et al., 2021.). To develop activities and programs, the MSMEs community together with the village government (Siddiq, et. al 2020) has collaborated with other stakeholders as partners to develop activities. The stakeholders involved innovation institutions, academic and research institutions, financial institutions, and business institutions. (Tambunan et al., n.d.); (Feni Dwi Anggraeni, et.al, 2013); (Hariri et al., n.d.) (Suyatno, 2019)

Stakeholders in the Development of MSME

The role of stakeholders in the development of MSME will bring about very significant changes in improving quality, strengthening product competitiveness, expanding market share, and increasing income, taking into account local resources in the community. The role of stakeholders in building productive economic enterprises can facilitate dialogue forums to have synergy between all stakeholders. (Freeman, et.al: 2010).(Harrison et al., 2015). Stakeholders in the development of MSME in Girikerto can be institutions or individual MSME actors who can have synergy and coordinate communication, coaching, and business development (Freeman, et.al: 2010).(Harrison et al., 2015). Stakeholders involved in the development of MSME in Girikerto Village under their business fields, namely:

1. Salak farmers, fishermen, breeders, craftsmen, and small business actors who have formed groups according to their line of business.
2. Government, both village government, regional government, and central government as policymakers, coaches, assistants, and facilitation.
3. Innovation institutions, academics, and creative institutions that play a role in developing creativity, innovation, and technology in creating, improving product quality, and providing added value to a product by utilizing local potential resources.
4. Business institutions that can create and drive the community's economy so that people's welfare is getting better.
5. Supporting institutions that can provide support for economic activities in MSMEs, both in the form of capital and other facilitation in the development of MSMEs.

In the context of developing MSME in Girikerto Village, which has quite a lot of local potential, especially Salak, fisheries, goats, batik crafts, woven, creative industries made from recycled materials and processed products, MSME actors have carried out various activities based on their respective fields. each under the guidance and facilitation of the Village Government, Agriculture, Fisheries, Animal Husbandry Services, Cooperatives and MSMEs, Industrial Services, Universities, and other institutions engaged in their respective fields. MSME actors have carried out activities ranging from cultivation, carrying out product innovation by empowering existing potential products to become more economically added value with guidance and guidance and facilitation from the village government, related agencies, and universities.(Endris & Kassegn, 2022). The people have formed MSME associations where most of the members are women, they hold monthly meetings regularly and carry out comparative studies and skills training by the cluster of business fields so that they can continue to increase economic value. The activities can improve creativity in making new products by exploiting their potential with guidance from the Village Government in collaboration with related agencies and universities.

The role of the government in the development of MSMEs in Girikerto is very large and related to policies, coaching programs, development, and facilitation. The Village Government has established various programs for the development and facilitation of training, coaching, mentoring, and development activities in collaboration with related agencies and universities. The role of the government in coordinating and promoting entrepreneurial activities in a region must be related to the capacity and potential of the region. The promotion and consolidation of entrepreneurship in a country are closely linked to the actions of its government (Pau Sendra-Ponsa, et.al, 2022). Based on the information of the Farmers Group members, the Innovation Institutions, Universities, and Institutions engaged in the creative industry have been involved in the MSME development activity program in Girikerto, especially related to existing potential. There are innovation institutions related to the empowerment and utilization of local resources. The agriculture task force has involved in coaching and counseling in the field of Agriculture, the Fisheries Service provides training on making fish meal, the Livestock Office conducts coaching and training related to livestock cultivation and maintenance, the industry has carried out training, coaching, and mentoring regarding crafts and the development of their creative industries in collaboration with village governments, universities, and related creative institutions according to their competence (Harrison et al., 2015); (Freeman, 2010; Jones, 1995; Walsh, 2005).To increase added value in the form of processed products from various MSME activities with guidance and assistance from the Office of Industry, the Food Processing Service, and the MSME Office, as well as higher education, training has been carried out on processing, innovation, management and how to package processed products. Processed products through a process of innovation and diversification of processed types can be marketed with more attractive packaging. In addition to the Innovation

Institutions that are programmed or carried out Incidentally from BRIN, the Innovation and R & D Institute as well as from universities. Some members of MSMEs during the discussion explained that MSME actors have involved various business institutions such as Paguyuban Packing House, namely CV Mitra Turindo which acts as a sales agent for exports: Collaborating with supermarkets as well as hotels and tourism bureaus through the Salak picking tour program (Freeman, 2010; Jones, 1995; Walsh, 2005). (Harrison et al., 2015) Giriketo Village has BUMDES, as a Village Business institution that will be able to coordinate and empower MSMEs. BUMDES can be used to manage activities in cultivation, empowerment, innovation, and product marketing through tourism programs. To empower the MSME business in Giriketo Village, they must be able to develop local products and market them through BUMDES. Based on the information of the MSME committee, supporting institutions, consisting of funding, academic, innovation, and certification institutions have provided support for economic activities in MSMEs, both in the form of capital and other facilitation in the development of MSMEs. The MSME Financing sector in various activity clusters in Giriketo Village is assisted by village funds and facilitation (Siddiq, et.al., 2020) from the Regional Government, the Agriculture Office, the Food Security Service, the Industry Office, and the MSME Service and financial or banking institutions. Supporting institutions have been involved in this activity, including financial institutions, business institutions, and training and development institutions. Supporting institutions play a role in supporting program activities that have not been carried out by core institutions, government agencies, as well as academics, and innovation institutions. To support development programs and utilization of potential resources in Gigikerto Village many institutions have been involved (Siddiq, et.al., 2020). However, all the institutions have not been coordinated and integrated. Institutions involved in this program are implementing agencies, supporting agencies, government agencies such as policymakers, universities, and R & D Institutions. However, Giriketo Village already has good MSME institutions to develop the community's economy.



Table 2: Developing MSMEs Based on Local Potentials

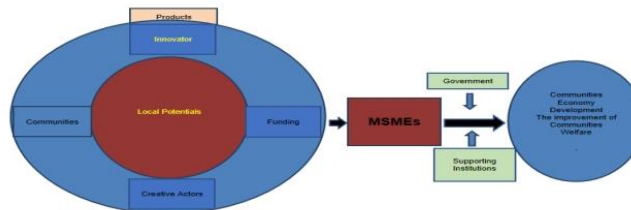
Based on table 2, The village of Girikerto has formed an MSME Group which has activities in coordinating it (Pau Sendra-Ponsa, et.al, 2022); (Freeman, et.al: 2010). (Harrison et al., 2015). Developing MSMEs based on local potentials will begin from the existing local potentials which are cultivated by the communities. Creative and innovative individuals or groups create a product to meet communities' needs supported by supporting institutions such as Universities, Innovation and Research institutions, and Finance institutions (Hariri et al., n.d.). Developing the quality of the product and improving their value, discussion, training, dialog, and communicating product information and market information to enhance their economy have been conducted by involving business institutions such as Village Owned Enterprise (BUMDES). In these activities, the Government of the Village and Region has a role in the program, policy, facilitating, communicating, and coordinating with the partners (Siddiq, et.al, 2020).

DISCUSSION

Based on the discussion with the member of MSME, it can be summarized that Institutional empowerment of MSME organizations through HR development, structuring organization, developing technology and innovation, and structuring rules within the organization (Nurlinda, 2020). Empowerment and development of farmer groups and small business groups in the field of animal husbandry, milk processing, processed food production, handicraft industry, batik, and fashion have been carried out. HR development has been carried out in collaboration with various related parties by involving the Agriculture Office, Fisheries office, Food Processing Service, Industry Service, BPTP, and Universities in Field Practice and Community Service activities under the coordination of the Village Government through coaching, counseling, and training activities (Harrison et al., 2015) (Darden, 2019; Freeman, 2010; Jones, 1995; Walsh, 2005). Structuring the organization has been carried out by forming clusters/groups based on business fields including Farmers' Groups, Processed Food Production Groups, Dairy Processing, Craft Industries, and Batik Makers (Pau Sendra-Ponsa, et.al, 2022). Development of technology and innovation with assistance from related agencies, research and development institutions, and universities have conducted training on technology utilization and product processing innovation by utilizing appropriate technology. Development of a network of business partners related to MSME products. To increase the competitiveness and quality of products produced by MSMEs and expand their business, it is necessary to gather a network of partners in efforts to improve product quality and innovation and provide capital, and product marketing. The development of partner networks to improve production quality has involved the government through related agencies, research, development institutions, and universities. To deal with capital problems, a network of cooperation has been established with several financial institutions. Meanwhile, to market the product, it has formed a network of partnerships with business institutions, hotels, travel agencies, and institutions that carry out exhibitions. Increasing the competitiveness of MSMEs products through institutional empowerment and structuring. To increase product competitiveness, each member through a cluster or group has coordinated and discussed both internal members and with other institutions. In increasing institutional competitiveness, guidance, counseling, and training activities have been carried out by involving the government through related agencies and NGOs, and universities. In addition, MSME institutions also conduct comparative studies in several regions that have similar activities. Girikerto Village also has a BUMDES institution that can be utilized and empowered to further develop MSMEs, especially in product development and marketing efforts. BUMDES is a business institution at the Village level that can be played in the development of MSMEs. Developing MSMEs based on local potentials in Girikerto to be competitive to enhance people's economy and welfare need a strategy. Strategies will mean a plan or approach to lead the organization to reach the mission and overall purpose of the organization. (Sawangchai et al., 2018). The Village of Girikerto has a lot of local potential which can be developed and utilized to enhance the community's economy. The communities use the local potential to meet their need and process to have value added. Some creative societies have used and utilized the local potential to process to be valued products. In the process of developing products based on local potential the government, innovators institutions, and academicians support the communities to provide training to make valued products. The Village Government (Siddiq, et.al., 2020) and finance institution support financing. The communities develop their business in groups, then they form MSME organizations to have coordination, discussion, and training based on the field of business. For the development of MSMEs, the government has made some programs and policies and provided facilities for developing MSMEs (Siddiq, et.al., 2020) and other supporting institutions such as financial institutions, innovation institutions, business institutions, and training and development institutions (Harrison et al., 2015) (Darden, 2019; Freeman, 2010; Jones, 1995; Walsh, 2005) have also taken part in this program. The development of MSMEs based on local potential by the creative

actors and innovators are facilitated and coordinated by the government and other supporting institution. (Endris & Kassegn, 2022). This program is carried out to develop communities' economies and enhance communities' welfare.

Developing Shcame for MSMEs Based On Local Potentials



CONCLUSION

Strategy for developing MSME based on local potentials, begin with the assessment of the local potential to develop involving stakeholders guided by the government to formulate policies and programs, provide facilitation, and develop activities in collaboration with related institutions, business, and universities. The government in coordinating with related institutions promotes entrepreneurial activities related to the capacity and potential of the region by empowering creative and innovative human resources to process into competitive and value-added products. The Village Government get together with related offices, universities, creators, innovators, and Research and Development Institution to conduct training for skill and management for the MSME members based on their clusters. The communities use the local potential to meet the need of local communities and surroundings to improve their economy and welfare. The Creative actors and innovative communities utilize the local potential resources to process into value-added products. The village communities gather to form MSME groups to do activities utilizing local potential resources under the building and guidance of the Village government and related offices to develop a product. The government works together with MSME and related agencies, NGOs, and universities to conduct guidance, counseling, and training activities. Girikerto Village also has empowered BUMDES to develop MSMEs, especially in product development and marketing efforts. The development of MSME based on local potentials is conducted by the communities, improved by the creative actors and innovators, and facilitated and coordinated by the government and other supporting institutions. The programs and policies are designed to develop communities' economies and enhance communities' welfare.

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