

## DETERMINING A MICRO, SMALL AND MEDIUM ENTERPRISES (MSME) CLUSTER DEVELOPMENT STRATEGY USING SWOT ANALYSIS AND THE BUSINESS MODEL CANVAS APPROACH

Khabib Alia Akhmad<sup>\*</sup>, Agus Suyatno<sup>2</sup>, Bellinda Alya Ayu Patricia<sup>3</sup>

Management Study Program, Faculty of Law and Business, Duta Bangsa Surakarta University

\*Correspondence Email: [khabib\\_alia@udb.ac.id](mailto:khabib_alia@udb.ac.id)

### ABSTRACT

*This research aims to formulate a strategy for developing the Micro, Small and Medium Enterprises (MSME) cluster using SWOT Analysis and the Business Model Canvas (BMC) approach. The aim of this research is to identify internal and external factors that influence the MSME cluster and map existing business models in order to formulate effective strategies. The methodology used is a qualitative approach with case studies, involving data collection through in-depth interviews, observations and literature studies. The SWOT analysis revealed key strengths such as adaptability and government support, but also identified weaknesses in technology access and management. Meanwhile, BMC helped map out the important elements of the MSME cluster business model, showing the need for product diversification and expansion of the distribution network. The findings of this research lead to a comprehensive development strategy, such as increasing technology access and market diversification, which is expected to increase the competitiveness and sustainability of the MSME cluster in the future.*

### KEYWORDS

MSMEs; SWOT Analysis, Business Model Canvas (BMC).



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## INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economy, especially in creating jobs and encouraging local economic growth. However, in the face of increasingly fierce competition and the challenges of globalization, MSMEs often find it difficult to develop and compete effectively. Therefore, developing the right strategy is the key to strengthening the competitiveness and sustainability of MSMEs.

One approach that can be applied in developing MSMEs is the formation of clusters, which enable collaboration between businesses in a region or sector to create synergy and efficiency. MSME clusters can increase innovation, access to markets and better resource management. However, the success of a cluster really depends on the strategy used to manage and develop existing potential.

In this context, this research aims to determine a strategy for developing an MSME cluster using a combination of SWOT Analysis and the Business Model Canvas (BMC) approach. SWOT analysis is used to identify strengths, weaknesses, opportunities and

threats that affect the cluster, while BMC is used to map existing business models and identify areas that need to be strengthened. Through this approach, it is hoped that effective and relevant strategies can be formulated to increase the competitiveness of the MSME cluster.

## **RESEARCH METHOD**

This research uses a qualitative method with a case study approach to determine the MSME cluster development strategy. Data was collected through in-depth interviews, observations and literature studies related to MSMEs and cluster development. SWOT analysis is used to identify strengths, weaknesses, opportunities and threats in the MSME cluster. Next, a Business Model Canvas (BMC) approach is applied to map and analyze existing business models, focusing on key elements such as value propositions and revenue streams. The combination of SWOT and BMC analysis produces relevant and applicable strategies for developing MSME clusters.

## **RESULT AND DISCUSSION**

The SWOT analysis carried out on the MSME cluster revealed a number of significant strengths, such as the ability to quickly adapt to market changes, maintained product quality, and strong support from the local government. However, the main weaknesses identified include limitations in access to capital, low use of technology, and lack of managerial capacity. On the external side, existing opportunities include increasing demand for local products and government policy support for the development of MSMEs. However, clusters also face threats from competition from cheaper imported products and fluctuations in government policies that can affect business stability.

Using the Business Model Canvas (BMC) approach, this research maps the key elements of the MSME cluster business model. The identified value proposition focuses on providing high quality local products at competitive prices. The MSME cluster targets the customer segment consisting of local consumers and tourists. Analysis also shows that customer relationships in this cluster are very personal and close, supported by promotions that rely more on word of mouth and social media. However, there is a need to increase strategic partnerships and diversify revenue streams to strengthen business sustainability.

Integration of SWOT and BMC Integration between the results of the SWOT and BMC analysis shows that to maximize the potential of the MSME cluster, several strategy adjustments need to be made. For example, weaknesses in technology access can be overcome by strengthening partnerships with technology institutions or through technology training programs. In addition, diversifying income streams can be done by exploring new opportunities such as digital marketing and e-commerce, which are in line with opportunities from increasing market demand for local products.

Development Strategy Based on the results of the analysis, the proposed development strategy includes several main aspects. First, expanding access to technology and managerial knowledge through collaboration with educational and training institutions. Second, strengthening customer relationships through improving service quality and using digital technology to expand marketing reach. Third, product and market diversification by introducing product innovations that suit current and future market needs, as well as exploring potential new markets.

Implications and Recommendations The results of this research show that with the right strategy, the MSME cluster has great potential to develop and compete in the wider market. The resulting recommendations emphasize the importance of increasing

technological and managerial capacity, as well as diversifying marketing strategies to face competitive challenges and market changes. By implementing this strategy, the MSME cluster is expected to increase its competitiveness, expand the market, and contribute more significantly to local and national economic growth.

## **CONCLUSION**

This research concludes that the development of the Micro, Small and Medium Enterprises (MSME) cluster can be carried out effectively by combining SWOT Analysis and the Business Model Canvas (BMC) approach. SWOT analysis helps in identifying the strengths, weaknesses, opportunities and threats faced by the MSME cluster, while BMC provides a framework for mapping and understanding existing business models. The integration of these two approaches produces a comprehensive and relevant strategy to strengthen the competitiveness of the MSME cluster. The proposed strategies, such as increasing access to technology, product diversification, and expanding distribution networks, are expected to encourage the growth and sustainability of MSMEs amidst the challenges of competition and evolving market dynamics. With proper implementation, MSME clusters can play a more significant role in supporting the local and national economy.

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