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Formulation of community driven business strategies for MSMEs using SWOT and QSPM

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ABSTRACT

This study aims to formulate community-based business strategies for micro, small, and medium enterprises in the garment and doll sectors in Caringin, Bogor, Indonesia. Although micro, small, and medium enterprises in this area have significant potential, many still perform suboptimally despite abundant resources and opportunities. This study uses a qualitative case study design and methodology that combines forum group discussions, questionnaires, and strategic analysis using the strengths, weaknesses, opportunities, threats and quantitative strategic planning matrix. The research sample consists of 13 micro, small, and medium enterprises actors involved in the Caringin micro, small, and medium enterprises forum. The findings indicate that while micro, small, and medium enterprises have significant strengths in skilled labor and the quality of local raw materials, they face challenges in digital marketing, financial management, and limited production capacity. The formulated strategies include enhancing digital literacy, leveraging online platforms for marketing and sales, and developing products that leverage local design differentiation. The theoretical contribution of this study lies in applying participatory development theory to formulate community-based strategies for the micro, small, and medium enterprises sector, particularly in similar regions. Practically, this research provides more relevant and practical strategic guidance for micro, small, and medium enterprises to optimize their potential. This study fills a gap in the existing literature by providing new insights into the role of the community in formulating micro, small, and medium enterprises business strategies.

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1. Introduction

Micro, small, and medium enterprises (MSMEs) play a highly strategic role in Indonesia's economy. According to data from the Indonesian Central Statistics Agency in 2023, MSMEs contribute more than 60% to the gross domestic product (GDP) and absorb nearly 97% of the workforce in Indonesia. The importance of MSMEs in Indonesia is evident in their substantial contribution to GDP. MSMEs are recognized as the backbone of the Indonesian economy, facilitating economic resilience by providing a large share of employment

opportunities. These enterprises not only provide livelihoods for millions but also stimulate regional development through localized production and services. This aligns with the literature on the economic impacts of entrepreneurship, which suggests a positive relationship between MSMEs activity and national growth rates (Stocker & Várkonyi, 2022). In addition to this macroeconomic contribution, MSMEs are also vital in driving economic equity and strengthening social resilience at the local level (Akhmad et al., 2022). However, MSMEs face several challenges, such as limited market access, low digital and financial literacy, and increasingly fierce competition, which often hinder their potential for optimal growth.

Despite this, numerous previous studies have emphasized the importance of MSMEs development through a top-down approach, in which policies and strategies are determined by external parties, such as the government and large institutions, without involving local MSMEs communities in planning and implementation. Policies designed without involving local communities often fail to reflect the real conditions and needs of small entrepreneurs. Similarly, the shortcomings of the top-down approach, which neglects the importance of active community participation in policy formulation. According to Muhardi et al. (2020), Farida and Setiawan (2022), and Atkočiūnienė et al. (2024), MSMEs' inability to survive and grow often stems from structural issues, such as weak managerial capacity, dependence on local markets, and the absence of long-term strategic planning.

In contrast, the community-based approach used in this study provides MSMEs actors with the opportunity to formulate and implement strategies better aligned with on-the-ground realities. Community-based approaches have proven more effective in developing other sectors because they involve active participation by MSMEs actors in formulating strategies tailored to local conditions (Nguyen et al., 2023; Li et al., 2024). This approach not only reflects specific local challenges and needs but also provides more adaptive solutions to rapidly changing market dynamics. However, despite the proven effectiveness of community-based approaches in other sectors, research on their application in MSMEs development strategies remains limited, particularly in the garment and doll-making sectors (Nguyen et al., 2023; Li et al., 2024). On the other hand, the literature discussing the application of this model in MSMEs development strategies, specifically in the garment and doll-making sectors, remains limited. Although several studies highlight the importance of community-based approaches in the MSMEs sector, most focus on larger sectors or broader contexts. In contrast, the garment and doll-making sectors, with their distinct local characteristics, are seldom discussed in the literature.

Therefore, this study aims to fill a gap in the literature on MSMEs development by examining the application of community-based strategies in the garment and doll-making sectors in Caringin, Bogor, Indonesia. The selection of this location is based on the unique characteristics of MSMEs and their significant role in the local economy, with more than 570.000 MSMEs in Bogor, Indonesia. The garment and doll-making sectors play a crucial role in absorbing the local workforce, although they still face challenges such as limited market access and production capacity constraints. Moreover, Bogor, Indonesia was chosen as the research location because it is one of the regions with the highest number of MSMEs in West Java and has a complex demographic and economic structure. As a buffer zone for the capital city, Bogor, Indonesia is not only a center of new economic growth but also faces pressures from the metropolitan market, which demands high competitiveness and adaptive responses from MSMEs actors. With the diversity of business sectors and the rapidly changing market dynamics, this region reflects the common challenges faced by MSMEs in Indonesia, making the research findings highly relevant and potentially generalizable (Sari & Fisabilillah, 2021).

The selection of the garment and doll-making sectors in Caringin, Bogor, Indonesia as the subject of this study is based on their distinctive characteristics and significant role in the local economy. According to data from the Bogor Central Statistics Agency and the Department

of Cooperatives and MSMEs of Bogor in 2023, the garment and doll-making sectors have a significant contribution to the total number of MSMEs in the region, with more than 570.000 MSMEs, and the garment and doll-making sectors are quite dominant. These sectors also contribute significantly to job creation at the micro level.

In Caringin, Bogor, Indonesia the garment and doll-making sectors have not only grown rapidly but also play a vital role in absorbing the local workforce. According to data from the MSMEs forum of Caringin in 2024, about 41 MSMEs in the district operate in the garment and doll-making sectors, showcasing the diversity of local products with potential for further development. With a vast market and strategic access to the Puncak tourist area, Caringin's garment and doll products have great opportunities to penetrate both local and regional markets.

The diversity of the garment and doll-making sectors in Caringin, Bogor, Indonesia presents a vast potential for further development through a community-based approach that involves local MSMEs actors in planning and implementing strategies. This enormous market potential can be strengthened with support from the MSMEs forum of Caringin, which actively conducts training in digital marketing and packaging, and actively promotes collaboration among business actors to expand market access. This strengthens the effectiveness of the community-based approach, which is the main framework of this study (Dalimunthe et al., 2021; Abdullahi & Sallau, 2023). However, despite this significant potential, these sectors still face challenges, including limited market access, fierce competition, and production capacity constraints, which prevent many MSMEs from reaching the revenue targets set by the MSMEs forum. According to observational data from the MSMEs forum of Caringin, only 8 out of 41 business actors have successfully met their monthly revenue targets, with average revenue achievement at 70.7%, which is relatively lower than that of MSMEs in other sectors. The distribution of these revenue achievements is illustrated in Figure 1, which shows the percentage of MSMEs achieving monthly revenue targets.

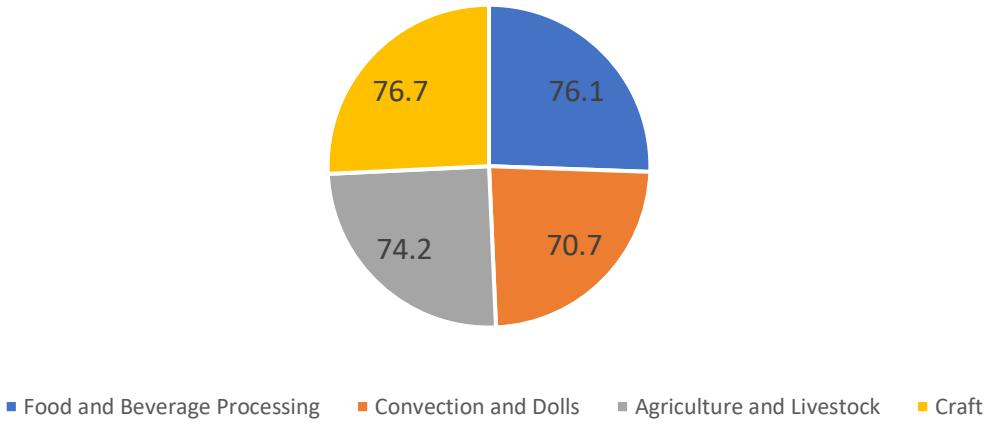

Figure 1. Percentage of MSMEs Achieving Monthly Revenue Targets

The majority of business actors remain in the category of achieving less than 80% of their monthly revenue targets. In addition to limited target attainment, other common issues include inadequate financial record keeping, non-digital-based marketing, and weak collaboration and networking among entrepreneurs, as indicated by previous studies (Baral et al., 2023; Graña-Alvarez et al., 2024; Verma et al., 2025). The failure of most MSMEs to achieve their revenue targets is not only due to weak competitiveness but also the absence of business strategies developed in a contextual and participatory manner. This condition is further exacerbated by challenges such as low digital literacy, which limits their market reach

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(Borowiecki et al., 2022; Farida & Setiawan, 2022). Collectively, these problems create a significant performance gap between the potential of MSMEs and the outcomes they achieve.

Table 1. Summary of Average Conditions of MSMEs Types in Caringin 2024

No	Indicator	Type of MSMEs			
		Food & Beverages	Garment & Doll Industry	Agriculture & Livestock	Handicrafts
1	Consumer Reach	National	3 MSMEs International	Sub district	Sub district
2	Average Number of Workers	4	6	3	3
3	Type of Products	3	3	2	4
4	Availability of Labor	Easy	Easy	Easy	Difficult

Table 1 supports these findings by showing that the garment and doll sectors possess a competitive advantage over other MSMEs sectors. This is evident from their consumer reach: three MSMEs have successfully penetrated the international market, two from the doll sector and one from the garment sector. Furthermore, business actors in these two sectors also employ the highest average number of workers among MSMEs, with an average of 6 workers per business unit.

This study aims to formulate community-based business strategies that can assist MSMEs in the garment and doll-making sectors in Caringin, Bogor, Indonesia in overcoming these challenges and improving their performance. Based on internal and external environmental analyses, this study will identify the strengths, weaknesses, opportunities, and threats faced by MSMEs in the garment and doll sectors, and formulate alternative strategies to enhance their performance and competitiveness. Thus, this study not only fills a gap in the existing literature but also provides a tangible contribution by formulating more adaptive and relevant strategies for MSMEs in the garment and doll sectors in Indonesia, particularly in regions with similar characteristics.

Using a strategic management approach that integrates value chain analysis, political economic, social, technological, environmental, and legal analysis, strengths-weaknesses-opportunities-threats analysis, and quantitative strategic planning matrix, this study focuses on mapping and formulating community-based strategies that can improve the competitiveness of MSMEs in the garment and doll sectors. The study also draws on strategic management theory to provide insight into how these strategies can be applied in a local context, alongside participatory development theory to emphasize the importance of community participation in strategic decision-making. With the anticipated results, this study will provide practical recommendations to improve the performance of MSMEs in the garment and doll-making sectors and contribute to the theory of community-based strategic management. This research is also relevant to other regions facing similar challenges and strengthens the theoretical foundation in the MSMEs development literature.

2. Literature Review

2.1. Participatory Development Theory

The participatory development theory by Nelson and Wright (1995) emphasizes the importance of active community participation in the planning and implementation of policies and strategies. This theory posits that development involving local communities is more sustainable and effective because the solutions generated are more relevant and acceptable to the community. In the context of MSMEs, this theory is crucial because local

entrepreneurs often have a better understanding of the challenges, they face compared to external parties who create policies without involving them.

2.2. Strategic Management Theory

Strategic management theory by Haberberg and Rieple (2008) emphasizes the importance of planning and implementing strategies that are adaptive to changes in both external and internal conditions. Strengths, weaknesses, opportunities, threats (SWOT) analysis and political, economic, social, technological, environmental, legal (PESTEL) are important frameworks for understanding the environment surrounding an organization and identifying market opportunities. In this study, this theory is used to formulate strategies relevant to the specific challenges and market conditions in Caringin, Bogor, Indonesia while accounting for the active participation of MSMEs actors.

2.3. Community-Based MSMEs Development Strategy

Community-based approaches have proven more effective in MSMEs development because they allow MSMEs actors to participate actively in strategy formulation, making them more adaptable to market changes. MSMEs that involve communities in strategic planning were more resilient to economic crises and more responsive to market changes than MSMEs that rely solely on top-down policies from the government or large institutions.

2.4. Research Gap

Although several studies have discussed MSMEs development strategies in general, research specifically focused on community-based strategies for the garment and doll-making sectors at the local level is still limited. This gap is important to fill because this sector has very different characteristics compared to other sectors, with unique challenges and opportunities. This study aims to fill that gap by developing a community-based strategy model applicable to the garment and doll-making sectors in Caringin, Bogor, Indonesia.

3. Research Methods

The approach used in this study is qualitative with a case study design. This approach was chosen to gain a deeper understanding of community-based strategies for developing MSMEs in the garment and doll-making sectors in Caringin, Bogor, Indonesia. A qualitative approach allows the researcher to explore the phenomenon holistically and understand the local context from the perspective of MSMEs actors.

3.1. Research Design

This study uses a case study design with an exploratory approach to investigate phenomena in the garment and doll-making sectors in Caringin, Bogor, Indonesia. This approach was chosen to gain deeper insights into how community-based strategies can be applied in a local context and to identify the challenges and opportunities faced by MSMEs in these sectors.

3.2. Research Location and Subjects

The research was conducted in Caringin, Bogor, Indonesia, which is one of the centers of MSMEs in the garment and doll-making sectors in West Java, Indonesia. These sectors play a significant role in the local economy. The subjects of this study are active business actors who are members of the Caringin MSMEs forum, a platform for local entrepreneurs to support each other in enhancing the capacity and competitiveness of their businesses.

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The research population comprises 41 business units, with a main sample of 13 active business actors participating in the forum and community empowerment programs. The sample includes six MSMEs actors in the garment sector, three who have met their business targets and three who have not and six MSMEs actors in the doll-making sector, divided into the same categories. Additionally, the Chairperson of the Caringin MSMEs forum is also included as a respondent.

3.3. Respondent Profiles:

The demographic profile of the participants in this study is presented in Table 2, respondent profile, which provides a detailed overview of the subjects' backgrounds.

Table 2. Characteristics of Respondents

No	Name	Age	Education	Years in Business	Number of Workers	Type of Business	Achievement of Target
1	A	60	Junior High School	22	3	Garment	Achieved
2	B	40	Primary School	21	5	Garment	Achieved
3	C	39	Primary School	19	4	Garment	Achieved
4	D	63	Primary School	10	12	Garment	Not Achieved
5	E	47	Diploma	17	5	Garment	Not Achieved
6	F	50	Senior High School	21	9	Garment	Not Achieved
7	G	37	Primary School	8	15	Doll Industry	Achieved
8	H	42	Junior High School	10	15	Doll Industry	Achieved
9	I	33	Junior High School	4	13	Doll Industry	Achieved
10	J	42	Senior High School	15	8	Doll Industry	Not Achieved
11	K	42	Diploma	9	15	Doll Industry	Not Achieved
12	L	42	Junior High School	10	15	Doll Industry	Not Achieved
13	M	43	Senior High School	Chairperson, MSMEs Forum			

3.4. Data Collection Techniques

This study uses various data collection methods to obtain a comprehensive and valid perspective from MSMEs actors. All data collection processes were conducted through face-to-face interactions with the research respondents, and the questionnaires were also distributed in hard copy. The techniques used include:

3.4.1. In-depth Interviews

Interviews were conducted with MSMEs actors in the garment and doll sectors in Caringin, Bogor, Indonesia including business owners and MSMEs Forum managers. The purpose of these interviews was to explore the views, experiences, and strategies implemented by MSMEs actors in addressing challenges in these sectors.

3.4.2. Focus Group Discussion

Forum group discussion (FGD) was held with MSMEs actors, MSMEs forum members, and stakeholders to discuss community-based strategies to address challenges in the garment and doll sectors. The researcher served as the facilitator, ensuring the community played an active role in the decision-making process.

3.4.3. Structured Questionnaire

A questionnaire was used to identify the strategic factors employed in the SWOT, internal factor evaluation (IFE), external factor evaluation (EFE), and quantitative strategic planning matrix (QSPM) analyses. This questionnaire was distributed to MSMEs actors to assess the strengths, weaknesses, opportunities, and threats faced by MSMEs, and to determine priority strategies for implementation.

3.5. Data Triangulation

Data triangulation was conducted to ensure the reliability and validity of the data by comparing results from interviews, FGD, and questionnaires collected across various sources. This process reduces bias and ensures that the data obtained are representative and reliable.

3.6. Data Collection Timeline

Data collection was conducted over 3 months, from January to March, 2024. FGD were conducted during the first two months, with 2 sessions, each lasting 2 hours and involving 6 and 7 participants, respectively. Training was provided to the FGD facilitators to ensure consistency and accuracy in the data collected. Questionnaires were distributed in the second and third months to complement data from interviews and FGD.

3.7. Data Analysis Techniques

3.7.1. Value Chain Analysis

The value chain was used to analyze the production process, distribution of MSMEs products, and all internal processes within the garment and doll-making MSMEs. This process helps identify primary and supporting activities that add value to MSMEs operations and optimize efficiency within the value chain (Endrődi-Kovács et al., 2024).

3.7.2. Political, Economic, Social, Technological, Environmental, Legal Analysis

PESTEL analysis was used to map external factors influencing the performance of the garment and doll-making MSMEs, such as policy changes, technological developments, and applicable regulations. This analysis helps identify opportunities and threats arising from external factors (Stępień & Światowiec-Szczepańska, 2022).

3.7.3. Internal Factor Evaluation and External Factor Evaluation Matrix

The IFE matrix was used to assess internal factors (strengths and weaknesses), while the EFE matrix was used to assess external factors (opportunities and threats) affecting MSMEs. Each factor was assigned a weight and score reflecting its impact on MSMEs performance.

3.7.4. Strengths, Weaknesses, Opportunities, Threats Analysis

SWOT analysis was used to formulate alternative strategies based on the results of the IFE and EFE matrix. SWOT helps to develop strategies that optimize strengths, minimize weaknesses, and leverage opportunities while addressing threats.

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3.7.5. Quantitative Strategic Planning Matrix

The QSPM was used to prioritize strategies based on the total attractiveness score (TAS), calculated after analyzing SWOT and PESTEL factors. QSPM provides a clear picture of which strategies are most attractive to MSMEs for implementation.

3.8. Justification of Research Validity and Accuracy

The study ensures data quality through triangulation, community participation, and member checking, and systematically documents each stage of analysis. This approach not only produces actionable business strategies but also enriches the literature on community-based approaches for MSMEs. In line with previous findings, the strategies formulated are critical for small businesses, especially in the face of crises such as the corona virus disaster 2019 (COVID-19) pandemic (Aslam et al., 2023; Erdiaw-Kwasiea et al., 2023). This study aims to guide MSMEs in other regions to adapt similar strategic elements with adjustments to their local contexts.

Based on this methodological framework, the research establishes a logical relationship among the research problem, theoretical foundation, examined variables, and applied analytical methods. This relationship is visualized in detail in Figure 2, which presents the research conceptual framework as a roadmap for the research, from problem identification to the formulation of conclusions and strategic recommendations.

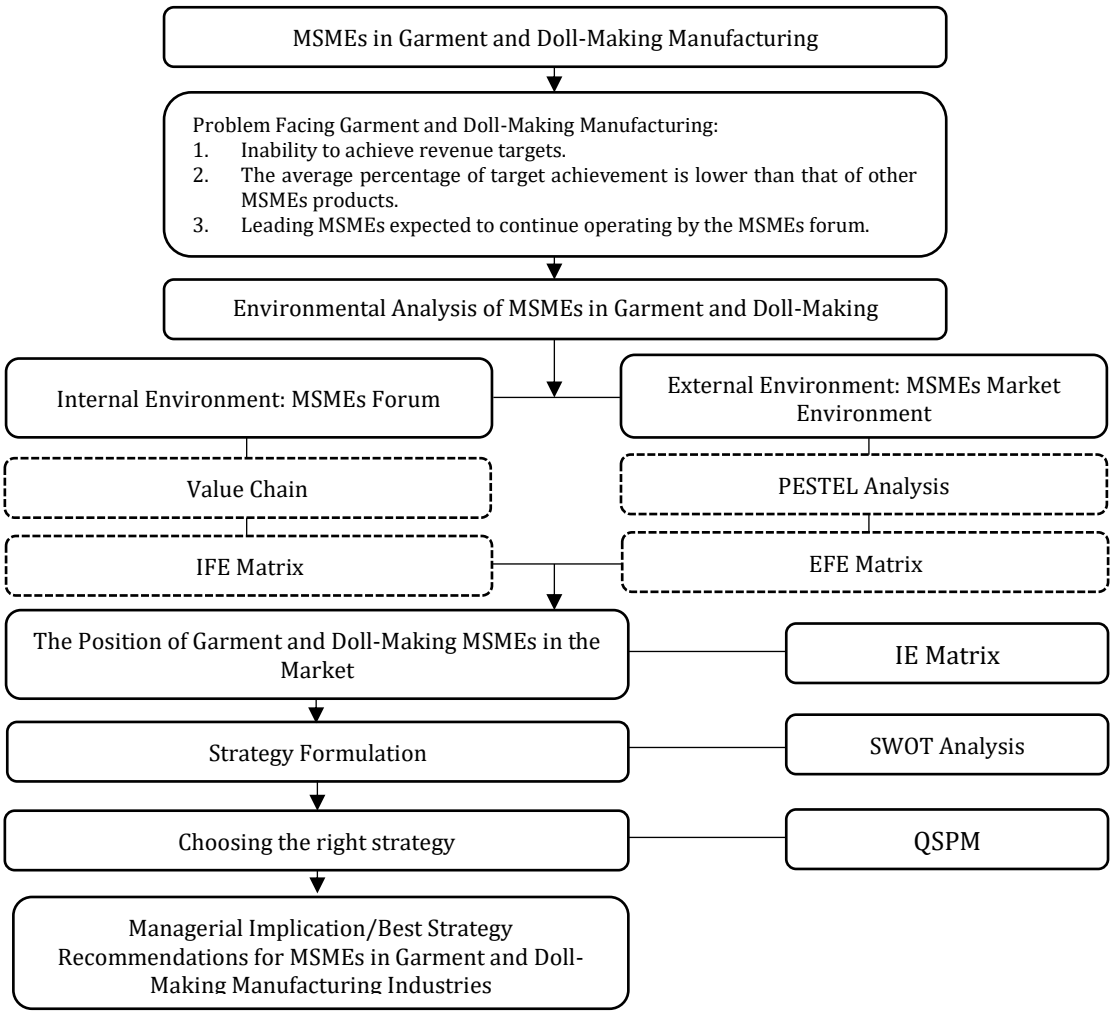

Figure 2. Research Conceptual Framework

4. Results and Discussion

4.1. Value Chain Analysis Internal Environmental Analysis

In the garment and doll sectors in Caringin, Bogor, Indonesia the value chain analysis reveals that the main activities include raw material procurement, cutting, sewing/assembly, and product finishing. Support activities include financial management, human resources, and marketing. The production stage (sewing and assembly) adds the most significant value, while marketing and distribution processes remain underdeveloped. This aligns with findings from previous studies, which show that many MSMEs in Indonesia still rely on conventional marketing methods and fail to utilize digital platforms to expand their market reach fully (Graña-Alvarez et al., 2024).

Additionally, based on the FGD results, it is clear that digital marketing limitations are a significant obstacle to MSMEs in Caringin, Bogor, Indonesia enhancing their competitiveness. Therefore, strengthening digital literacy and adopting social media as a marketing tool should be a primary focus. By leveraging digital platforms, MSMEs can more easily reach consumers in both local and international markets, improve distribution efficiency, and expand their markets, as also found in the study by Baral et al. (2023).

4.2. Political, Economic, Social, Technological, Environmental, Legal Analysis

The PESTEL analysis identifies several external factors that affect MSMEs performance in Caringin, Bogor, Indonesia. Politically, government support in the form of entrepreneurship training and business license facilitation is considered adequate, but it has not been evenly distributed among all MSMEs actors in the region. Economically, MSMEs continue to face pressure from rising raw material prices and dependence on the local market, which is vulnerable to global economic fluctuations. This finding is consistent with Fauzi's (2023) research, which shows that MSMEs are often hindered by instability in local supply chains.

From a social perspective, the MSMEs forum provides substantial social capital, facilitating interaction and collaboration among entrepreneurs. This provides opportunities for MSMEs to share knowledge and resources and to build broader marketing networks. However, in terms of technology, adoption remains very low, with most MSMEs lacking business social media accounts or online stores. This indicates that, despite the significant opportunities in digital technology development, MSMEs in Caringin, Bogor, Indonesia have not fully capitalized on these advancements.

Environmentally, no formal standards have been implemented regarding production waste management, and legally, about 60% of MSMEs in Caringin, Bogor, Indonesia do not have valid business licenses, such as the Business Identification Number or halal certification. This reflects a need to strengthen business legality and compliance with better environmental standards, which could enhance competitiveness and business sustainability.

4.3. Internal Factor Evaluation Matrix

Based on the results of the IFE matrix, the main strengths of MSMEs in Caringin, Bogor, Indonesia are the availability of skilled labor, access to competitively priced local raw materials, and product quality recognized by consumers. However, significant weaknesses include inadequate financial management, a lack of design innovation, and reliance on inefficient production processes. The evaluation results of the internal environment, which identify the key strengths and weaknesses of the businesses, are detailed in Table 3 regarding the IFE matrix of garment and doll MSMEs. Based on this matrix, it is evident that the availability of skilled labor and access to raw materials are the primary competitive advantages.

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Table 3. Internal Factor Evaluation Matrix

No	Internal Factors	Weight	Rating	Score
	Strengths:			
1	Consistent and standardized raw material quality	0.10	3.15	0.30
2	Efficient production process with minimal waste	0.09	3.15	0.27
3	Responsive customer service	0.09	3.08	0.25
4	Product differentiation potential through design	0.07	3.31	0.22
5	Access to the MSMEs Forum as institutional support	0.08	3.23	0.23
6	Skilled local workforce	0.09	3.31	0.29
	Total Strength Score	**0.52**		**1.56**
	Weaknesses:			
1	Limited use of digital technology, e-commerce, and social media	0.09	1.85	0.18
2	Outdated production equipment	0.08	1.85	0.16
3	Poor financial and inventory recording system	0.08	1.85	0.17
4	Marketing strategies are not yet optimal and are unstructured	0.08	1.62	0.16
5	Lack of training and human resource development	0.07	1.85	0.14
6	Small production scale, inefficient during peak demand	0.08	1.69	0.15
	Total Weakness Score	**0.48**		**0.96**
	Total Score	**1.00**		**2.52**

The total IFE score of 2.52 indicates that MSMEs' internal capacity is relatively strong. This suggests that business actors possess sufficient internal capital to sustain operations and address some market challenges. However, significant improvements are still required in managerial aspects, particularly in financial management, quality control, and product development (Aslam et al., 2023). Enhancing managerial capacity becomes crucial so that existing internal strengths can be maximized to face competition and seize external opportunities. Recommended strategic actions include integrating community-based management training, using simple digital tools for financial record keeping, and strengthening quality control mechanisms.

4.4. External Factor Evaluation Matrix

In the EFE matrix, there are substantial opportunities arising from government support for entrepreneurship training and production equipment assistance. Additionally, the development of digital technology presents opportunities to improve product promotion and sales. However, there are significant threats from competition with mass-produced products from large manufacturers, as well as the influx of cheap imported products through social media platforms. In response to these threats, digitalization strategies and product quality improvements based on local uniqueness are crucial. Furthermore, external environmental conditions, including potential opportunities and strategic threats from the global market, are systematically analyzed in Table 4 using the EFE matrix for garment and doll MSMEs. The results indicate that government support and digital technology adoption are the most significant opportunities for local business growth.

Table 4. External Factor Evaluation Matrix

No	External Strategic Factors	Weight	Rating	Score
	Opportunities			
1	Government support in the form of training, access to capital, and production equipment assistance	0.15	3.25	0.49
2	Development of digital technology that facilitates promotion and sales	0.12	3.50	0.42
3	Existence of the MSMEs Forum that opens opportunities for collaboration and marketing networks	0.12	3.08	0.37
4	Stable market demand for convection and doll products	0.08	2.08	0.17
5	Growing public awareness to support local products	0.08	2.17	0.17
	Total Opportunity Score	**0.55**		**1.62**
	Threats			
1	Fluctuating raw material prices	0.10	2.33	0.23
2	Intense competition with mass-produced products from large manufacturers	0.11	2.75	0.30
3	Cheap imported products on social media platforms	0.12	3.00	0.36
4	Unstable government policies related to taxes and business legality	0.07	2.92	0.20
5	Disruptions in production and distribution activities due to extreme weather	0.05	3.17	0.16
	Total Threat Score	**0.45**		**1.26**
	Total Score	**1.00**		**2.88**

The EFE matrix results in a total score of 2.88, placing MSMEs in the garment and doll sectors in Caringin in the average response category for leveraging opportunities and addressing external threats. This score indicates that although business actors understand market dynamics and available external support, their ability to respond effectively remains suboptimal (Sagala & Setiawan, 2024). In line with previous studies, an EFE score of 2.5 to 3.0 indicates that MSMEs have some capacity to capture opportunities and mitigate risks, but they have not fully leveraged the external opportunities available (Fauzi, 2023).

The most highly rated strategic opportunities are government support programs. particularly entrepreneurship training and financial facilitation, as well as advancements in digital technology that simplify the promotion and sales process. If effectively utilized, these factors can expand market share and enhance product competitiveness. However, significant threats remain, such as competition with large-scale manufacturers that have pricing and production capacity advantages, as well as the influx of low-cost imported products through various social media platforms. Additionally, low digital marketing penetration and limited technological adoption continue to constrain MSMEs' market reach.

With the EFE score at a medium level, MSMEs in Caringin, Bogor, Indonesia has a solid foundation of opportunities. However, they still require community-based strategic interventions to optimize the utilization of opportunities and mitigate risks. These efforts could include improving digital literacy, diversifying marketing channels, and building cross-sector partnership networks. The IFE score of 2.52 and the EFE score of 2.88 in this study indicate that while there is sufficient internal capital. MSMEs in Caringin. Bogor. Indonesia is still at an average stage in responding to external opportunities and threats. Compared to previous research by Fauzi (2023), which showed similar scores for MSMEs

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in other regions, community-based strategies in Caringin, Bogor, Indonesia need to be further optimized to achieve a more competitive position.

4.5. Internal External (IE) Matrix

This position places MSMEs in the garment and doll sectors in Caringin, Bogor, Indonesia in Cell V of the internal external matrix, categorized as a "hold and maintain" strategy (David, 2011). This category indicates that business actors have sufficient internal strength to maintain current performance but still require capacity improvements to respond more effectively to external opportunities. The strategic implications of this position emphasize the need to maintain existing competitive advantages, such as the availability of skilled labor and access to competitively priced local raw materials, while optimizing market opportunities through product innovation, expanding distribution networks. and utilizing digital marketing channels (Sariwulan et al., 2020). This approach is expected to strengthen competitiveness without disrupting the stability of ongoing business operations.

4.6. Strength, Weakness, Opportunity, Threat Analysis

A SWOT analysis was conducted to formulate comprehensive strategic alternatives for the development of MSMEs in the garment and doll sectors in Caringin, Bogor, Indonesia (Pradhani et al., 2023). The data for this analysis were obtained through FGD, field observations, and structured questionnaires, which were previously processed through the IFE and EFE matrix. The SWOT analysis aims to map internal strengths and weaknesses, as well as external opportunities and threats, so that the formulated strategies are genuinely relevant to field conditions and align with the principles of community-based development. To determine the most effective strategic alternatives, the integration of internal and external factors is further analyzed in Table 5, which presents the SWOT matrix for garment and doll MSMEs in Caringin, Bogor, Indonesia. This matrix provides a systematic framework for aligning community-based development principles with current market realities.

Table 5. SWOT Matrix

	Strengths (S)	**Weaknesses (W)**
External/Internal	1. Consistent and standard-compliant raw material quality 2. Sufficiently efficient production process with minimal waste 3. Good customer service response 4. Products have potential for differentiation through design 5. Access to MSMEs forums for institutional support 6. Skilled labour from the local community	1. Lack of utilisation of digital technology, e-commerce, and social media. 2. Production equipment is not modern. 3. Financial and inventory recording systems are not organised. 4. Marketing strategies are neither optimal nor structured. 5. There is a lack of training and human resource development. Production scale is small and inefficient when demand is high.
Opportunities (O)	**S-O Strategy**	**W-O Strategy**
1. Government support in the form of training, access to capital, and	1. Selling products through marketplaces based on	1. Attend digital marketing and management training from government

assistance with production tools. 2. Advances in digital technology that facilitate promotion and sales. 3. The existence of an MSMEs forum that opens up opportunities for collaboration and expands marketing networks. 4. Stable market demand for clothing and doll products. 5. Increased public awareness to support local products.	local design differentiation (S4, S6, S3, O2, O4). 2. Utilising MSMEs forums as access to digital training and distribution (S5, S6, O1, O3). 3. Optimising local labour to increase production capacity during periods of high demand (S2, S6, O4). 4. Building local brands based on the quality of raw materials and the value of handmade products (S1, S3, O5).	programmes/MSMEs forum (W1, W5, O1, O2, O3). 2. Adopt a simple. free app-based financial record-keeping system (W3, W5, O1). 3. Network with other MSMEs to engage in collaborative production to compensate for small scale (W4, W6, O3).
Threats (T)	**S-T Strategy**	**W-T Strategy**
1. Unpredictable increases in raw material prices. 2. Stiff competition from mass-produced goods from large manufacturers. 3. Cheap imported goods on social media. 4. Changing government policies regarding taxes and business legality. 5. Disruption to production and distribution activities due to extreme weather conditions.	1. Emphasising material quality and design uniqueness to compete with mass-produced imported products on social media (S1, S3, S4, S6, T2, T3). 2. Relying on production efficiency to keep prices competitive when raw material costs rise (S2, T1). 3. Activating MSMEs forums to strengthen information related to changes in tax and legal policies (S5, T4). 4. Organising community-based local distribution to anticipate logistical disruptions due to weather (S6, T5).	1. Establishing logistics and raw material partnerships with other cooperatives/MSMEs to stabilise supply and distribution (W6, W2, T1, T5). 2. Enhancing digital marketing capabilities to counter the dominance of imported products on social media (W1, T3). 3. Create production SOPs and recording systems to improve business efficiency and control (W2, W5, T1, T4). 4. Diversify products (souvenirs. educational dolls) to avoid dependence on a single market segment (W3, W4, T2).

Strategy Formulation

The strategy formulation derived from the SWOT analysis results in four main groups:

1. S-O Strategy: This strategy leverages internal strengths to pursue market opportunities.
2. W-O Strategy: This strategy aims to improve weaknesses by utilizing external opportunities.
3. S-T Strategy: This strategy leverages internal strengths to anticipate or mitigate threats.
4. W-T Strategy: This strategy is designed to minimize weaknesses while avoiding threats.

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The uniqueness of this strategy formulation lies in its application of a community-driven approach, with the Caringin MSMEs forum serving as the primary coordinating institution for planning and implementation. Through this forum, business actors can share resources, consolidate access to training, utilize a shared marketing network, and collaboratively develop product innovations. This community-based approach not only strengthens MSMEs' adaptive capacity to respond to market dynamics but also ensures that the strategies implemented are aligned with real needs and local capacities, thereby significantly enhancing the potential for business sustainability.

4.7. Quantitative Strategic Planning Matrix

After formulating various strategic alternatives through SWOT analysis, the next step is to determine the priority strategies most relevant and feasible for MSMEs in the garment and doll sectors in Caringin, Bogor, Indonesia. To this end, the QSPM is used, which allows for an objective evaluation of the attractiveness of each strategy based on previously identified weighted internal and external factors (Sariwulan et al., 2020).

QSPM provides a quantitative picture of strategy feasibility by calculating the TAS. The higher the TAS value, the greater the strategy's potential for implementation in current MSMEs. Data and assessments were obtained through FGD with members of the Caringin MSMEs forum, ensuring that the prioritization process is genuinely based on community principles, where business actors are the primary decision makers in the strategic planning process.

Table 6. Results of the Quantitative Strategic Planning Matrix

Priority	Code	Strategy	TAS
1	Strategy 5	Participate in digital marketing and management training provided by the government/MSMEs Forum programs	6.03
2	Strategy 1	Sell products through marketplaces based on local design differentiation	5.72
3	Strategy 4	Build local brands based on raw material quality and handmade product value	5.70
4	Strategy 13	Enhance digital marketing capabilities to counter imported product dominance on social media	5.68
5	Strategy 3	Optimize local labor to increase production capacity during peak demand	5.57
6	Strategy 8	Emphasize raw material quality and unique design to compete with mass-imported products	5.57
7	Strategy 15	Diversify products (souvenirs. educational dolls) to avoid dependence on a single market segment	5. 45
8	Strategy 10	Activate the MSMEs Forum to strengthen information related to tax policy and business legality changes	5.43
9	Strategy 2	Utilize the MSMEs Forum as access to digital training and distribution	5.28
10	Strategy 7	Network with other MSMEs actors for collaborative production to overcome small-scale limitations	5.16
11	Strategy 9	Rely on production efficiency to maintain competitive prices during raw material price hikes	4.74
12	Strategy 12	Build logistics and raw material partnerships with cooperatives/other MSMEs to stabilize supply and distribution	4.54
13	Strategy 14	Develop SOPs for production and record keeping to improve efficiency and business control	4.05
14	Strategy 6	Adopt simple financial record-keeping systems using free applications	3.92

Priority	Code	Strategy	TAS
15	Strategy 11	Arrange community-based local distribution to anticipate logistical disruptions caused by weather	2.87

Based on Table 6, the results of the QSPM analysis. which show the most relevant strategies for MSMEs in Caringin, Bogor, Indonesia several strategic steps have the potential to increase their competitiveness, both in the short and long term. With the highest TAS, the strategy that prioritizes participation in government or MSMEs Forum-organized digital marketing and management training (TAS = 6.03) is a crucial first step. Improving business actors' capacity in digital marketing not only provides an immediate solution for expanding market reach but also equips MSMEs with skills that will support digital transformation in their operations (Duong et al., 2022; Murad et al., 2022).

The implementation of digital marketing and management training by the government and the MSMEs forum not only addresses existing marketing barriers but also equips business actors with the skills needed to survive and compete in the ever-evolving global digital market. Strengthening this digital competence enables MSMEs to utilize social media, marketplaces, and e-commerce, as well as enhance product branding and marketing. In the long run, this can change the marketing paradigm of MSMEs, enabling them to access broader markets, both local and international, which were previously difficult to reach using traditional methods.

Additionally, the second strategy, emphasizing the sale of products through marketplaces with local design differentiation (TAS = 5.72), leverages the uniqueness of local products and strengthens brand image. Product differentiation through distinctive designs with local value will further enhance MSMEs' competitive position in a larger market. When implemented consistently, this will help build a strong brand with appeal to both domestic and international consumers. As part of the digital marketing strategy, focusing on differentiation will increase the visibility of MSMEs products and provide a more lasting competitive advantage.

Building a local brand by emphasizing the quality of raw materials and the value of handmade products (TAS = 5.70) is another strategy with potential to strengthen product identity, increase consumer trust, and respond to market trends that increasingly prioritize local and sustainable products. In the long term, this effort can strengthen customer loyalty and reduce dependence on mass-imported products that often threaten the competitiveness of local MSMEs. The strategy of optimizing local labor to increase production capacity during peak demand (TAS = 5.57) also shows great potential in improving production efficiency. By maximizing the capacity of trained local labor, MSMEs can better manage demand fluctuations and maintain product quality during peak periods. In the long term, this can create production stability, allowing MSMEs to maintain consistency in both quality and quantity.

It is important to emphasize that the success of these strategies lies not only in their technical implementation but also in the Caringin MSMEs forum role as a connector and facilitator in community empowerment. Through collaboration and synergy among MSMEs actors within this forum, training, and the implementation of the discussed strategies can proceed more effectively. The Caringin MSMEs forum will serve as a foundation for developing marketing networks, strengthening digital capacity, and facilitating access to resources that MSMEs actors can use to implement their long-term strategies.

With this community-based approach, not only will short-term growth be achieved, but long-term business sustainability will also be more assured. By optimizing the internal strengths of MSMEs, such as skilled labor, access to local raw materials, and a

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commitment to improving product quality, they will be better positioned to compete effectively in an increasingly competitive global market.

The implementation of these strategic steps is expected to transition MSMEs in Caringin, Bogor, Indonesia from relying on traditional marketing methods to becoming a more digital and sustainable sector, with superior local products and more effective. wider-reaching marketing. This is what will ensure that MSMEs in Caringin, Bogor, Indonesia not only survive but thrive and grow in an era of accelerating globalization and digitalization. Strengthening digital literacy and marketing capabilities aligns with previous research that emphasizes the importance of digital skills in improving MSMEs performance (Nurlinda et al., 2021). Additionally, collaboration among MSMEs through local forums has also been identified as a key strategy to encourage innovation and improve competitiveness (Subekti et al., 2023).

4.8. The Role of the Community in the Strategy Formulation Process

One key finding of this study is the community's role in formulating business strategies. The Caringin MSMEs forum plays a pivotal role in this process by providing a platform for knowledge sharing, joint strategy formulation. and overcoming challenges faced by local MSMEs. This participatory process ensures that the strategies developed are more relevant. accepted by local entrepreneurs, and easier to implement in the field. It is important to note that although the Caringin MSMEs forum plays a central role in formulating and implementing strategies, the community's involvement in technical analysis. such as determining scores in the IFE and EFE matrix, remains limited. This is due to a lack of the technical skills needed to apply more in-depth strategic analysis tools. Therefore, further training should be provided to community members on using these analytical tools, allowing them to be more actively involved in the strategic decision-making process.

Moreover, the sustainability of community-based strategies requires strengthening the forum's capacity to support MSMEs beyond the conclusion of this study. One way to achieve this is by establishing the Caringin MSMEs forum as a permanent institution that provides ongoing training and facilitates collaboration among MSMEs. This will enable business actors to develop further the collaborations initiated and build stronger distribution networks.

5. Conclusion

This study concludes that MSMEs in the garment and doll sectors in Caringin, Bogor, Indonesia has significant potential, driven by skilled labor and local raw materials. However, they still face significant hurdles in financial management and digital adoption. Strategic evaluation using IFE and EFE matrix shows that while potential exists, the internal and external capacities to leverage opportunities remain limited, highlighting a critical need for specialized mentoring and managerial training.

Furthermore, this research emphasizes that digitalization and local design differentiation are the primary keys to sustainability in the modern era. A significant contribution of this study is the validation of the community-based approach through the Caringin MSMEs forum, demonstrating that a bottom-up strategy is more effective and relevant than top-down models for addressing specific local needs. These findings offer a new theoretical dimension by introducing a community-based strategy model that is applicable across various MSMEs sectors. However, this study is limited by its narrow geographical focus and specific industry scope. Therefore, future research should expand these findings to a broader scale and more diverse business sectors to further test the model's generalizability.

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