

Strategies of the Department of Cooperatives, Small and Medium Enterprises, Industry, and Trade in Enhancing the Competitiveness of Mochi SMEs in Sukabumi City

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ABSTRACT

This study, titled "Strategy of the Cooperatives, Small and Medium Enterprises, Trade and Industry Service in Increasing the Competitiveness of Mochi MSMEs in Sukabumi City," investigates the strategies employed by the Cooperatives, Micro Enterprises, Industry and Trade Service to enhance the competitiveness of mochi MSMEs. Motivated by challenges in marketing, innovation, and product quality, the research utilizes a descriptive qualitative method, gathering data through observation, interviews, and documentation. Findings reveal that the strategies include product quality enhancement, entrepreneurship training, promotional activities via MSME bazaars, licensing facilitation, and food safety education. While these initiatives positively impact competitiveness, challenges such as budget limitations, low innovation awareness among MSME actors, and restricted market access persist. The study highlights the necessity for strengthened stakeholder collaboration and the development of adaptive strategies to align with market dynamics, offering new insights into effective support mechanisms for MSMEs.

Keywords: Strategy, Department of Trade and Industry, MSMEs.

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector in national and regional economic development, given their significant role in absorbing labor, increasing public income, and driving the transformation from informal to formal economic sectors. In Indonesia, MSMEs contribute more than 60% to the Gross Domestic Product (GDP) and create 97% of national employment. However, their competitiveness still faces serious challenges in coping with market competition both from local and imported products particularly in areas such as innovation, product quality, and digital marketing.

No	Type of Business	Criteria	
		Assets	Turnover
1	Micro Enterprise	Max IDR 50 million	Max IDR 300 million
2	Small Enterprise	> IDR 50 million – 500 million	> IDR 300 million – 2.5 billion
3	Medium Enterprise	> IDR 500 million – 10 billion	> IDR 2.5 billion – 50 billion

Table 1.1 MSME Criteria
(Source: Law No. 20 of 2008)

From table 1.1, it can be seen that Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises aims to regulate and support the development of MSMEs in Indonesia. This law emphasizes the importance of MSMEs as the foundation of the national economy and seeks to regulate and promote their development to become more competitive and self-reliant.

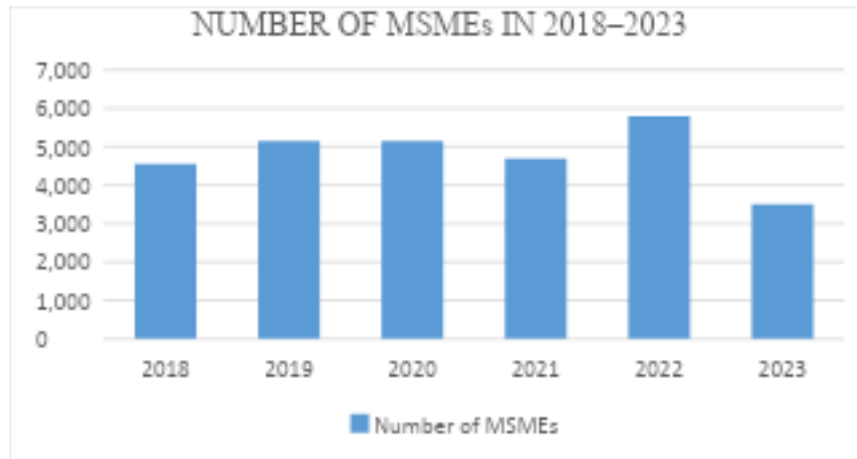


Figure 1.1 Number of MSMEs in Sukabumi City, 2018-2023
(Source: Central Bureau of Statistics of West Java Province, 2025)

Figure 1.1 shows the number of MSMEs in Sukabumi City from 2018 to 2023. Considering the various MSMEs in Sukabumi City operating in sectors such as food, beverages, services, and goods, if the city's key potentials are well-developed, they can bring significant benefits to both the local government and the community by boosting income and improving economic conditions. In 2018, there were 4,548 registered MSMEs. In the following years, the number of MSMEs reflects the dynamics of MSME development, which can be influenced by various factors, such as market conditions, economic policies, and government support for MSME development. The year 2019 also marked the beginning of the COVID-19 outbreak.

The changes in the number of MSMEs from year to year provide an overview of the growth or decline in economic activity.

One form of MSME that holds both cultural value and strong economic potential is the traditional food business of mochi in Sukabumi City. Mochi, as a regional specialty, has long been recognized as a popular souvenir product by both locals and tourists. Nevertheless, amid the rapid growth of the modern food industry, mochi-based MSMEs face classic issues such as limited innovation, lack of access to permits and product certification, and underdeveloped marketing strategies. Therefore, the role of local government particularly the Department of Cooperatives, Small and Medium Enterprises, Trade, and Industry (Diskumindag) is essential in formulating strategies to address these challenges.

This research aims to analyze the strategies implemented by Diskumindag Sukabumi City in enhancing the competitiveness of mochi MSMEs, and to identify the challenges encountered during implementation. The study applies the 5P strategy model by Mintzberg, which includes five dimensions: plan, pattern, position, perspective, and ploy. This framework is relevant as it perceives strategy not merely as a plan, but also as a pattern of action, market positioning, organizational mindset, and tactical response to competition. This theoretical lens will serve as the analytical basis for understanding how Diskumindag's strategies are operationalized in the field.

Previous studies have discussed MSME empowerment strategies in local food sectors, regional marketing strategies, and competitiveness development through local advantages. However, few have specifically examined mochi as the primary focus within the context of regional policy. Therefore, this research provides a new value (novelty) by exploring Diskumindag's strategy in the context of a culturally significant local product. The innovation of this research also lies in the integration of modern strategic theory with institutional practices at the regional level, supported by validation from mochi MSME actors as direct beneficiaries.

It is expected that the findings of this study will not only contribute to the development of literature in the field of public administration and MSME policy but also serve as a strategic reference for local governments and business actors in building resilient, adaptive, and highly competitive MSMEs in an increasingly dynamic market.

2. METHODS

This study employs a descriptive qualitative method to analyze the strategy formulated and implemented by the Department of Cooperatives, Micro, Industry, and Trade (Diskumindag) of Sukabumi City in enhancing the competitiveness of Mochi Micro, Small, and Medium Enterprises (MSMEs). The research procedure involved three main stages: pre-research, which included administrative permit processing (approximately 7 working days); field research, conducted from April to May 2025, involving semi-structured interviews and observations; and post-research, initiated after all data collection was complete. Data acquisition was performed through observation, semi-structured interviews with three key informants identified via snowball sampling (Head of the Cooperative and MSME Division, Head of the Industry Division, and a Mochi MSME entrepreneur), and documentation. Data validity was ensured through source triangulation and technique triangulation.

3. RESULTS AND DISCUSSIONS

a. Legal Basis of the Strategy of the Department of Cooperatives, Micro, Industry, and Trade in enhancing the competitiveness of Mochi Micro, Small, and Medium Enterprises in Sukabumi City.

Diskumindag Sukabumi City's strategy to enhance Mochi MSMEs' competitiveness is grounded in national and regional regulations. The primary legal foundations include Law No. 20 of 2008 concerning MSMEs, Presidential Regulation No. 2 of 2022 on National Entrepreneurship Development emphasizing cross-sector synergy, and Ministerial Regulation of Cooperatives and SMEs No. 10 of 2018 providing technical guidance. At the local level, this strategy also refers to Sukabumi City Regional Regulation No. 8 of 2017 concerning the Empowerment and Development of Cooperatives and Micro-Enterprises, which legitimizes strategic programs. All these efforts align with Sukabumi City's RPJMD 2021–2026, where MSME strengthening is a top priority for sustainable local economic growth.

b. Diskumindag's Strategy in Enhancing Mochi MSMEs Competitiveness

The analysis of Diskumindag's strategy is based on Mintzberg's *5P Strategy* framework: Plan, Pattern, Position, Perspective, and Ploy. However, of those five dimensions, only four dimensions are relevant to the researcher's study.

1. Plan

Diskumindag's strategy begins with structured planning, encompassing product quality development, entrepreneurship training, promotion through MSME bazaars, licensing facilitation, and food safety counseling. These programs are designed to equip Mochi MSME actors with essential skills and knowledge, from business conceptualization to managerial capacity building, aiming for efficiency and professionalism in their ventures.



Figure 3.1 Business Identification Number (NIB) Issuance Process
(Source: Researcher, 2025)

Based on Figure 4.2, the business licensing process begins with online registration through the OSS (Online Single Submission) system, followed by data verification and the digital issuance of a Business Identification Number (NIB). The figure illustrates a simplified process intended to help business actors manage legal requirements more easily. It also reflects the role of the Department of Industry, Trade, Cooperatives, and SMEs (Diskumindag) of Sukabumi City in assisting mochi MSMEs in obtaining NIBs as an essential step toward business formalization. This structured support is crucial, as many small-scale mochi entrepreneurs are unfamiliar with digital procedures and require technical guidance throughout the licensing process.

2. Pattern

Diskumindag's strategy demonstrates consistent and continuous patterns of action, particularly in branding and marketing training programs and the organization of Mochi MSME bazaars. Branding and marketing training has proven effective in helping Mochi MSMEs improve their product marketing capabilities, especially through digital platforms and e-commerce, directly impacting competitiveness and sales. Mochi MSME bazaars, held regularly both within and outside Sukabumi City, provide direct promotional opportunities, expand market reach, and introduce mochi as a distinctive culinary icon of Sukabumi to a wider audience. This structured strategy pattern is perceived by Mochi MSME actors as supportive of real business development, including mentoring in packaging and marketing. The recurrence of these programs reflects the effectiveness of interventions and the local government's commitment to creating a competitive business ecosystem.



Figure 3.2 Food Safety Counseling

(Source: Diskumindag, 2025)

Based on Figure 4.3, which documents an activity by the Department of Industry, Trade, Cooperatives, and SMEs (Diskumindag) of Sukabumi City, the food safety counseling session illustrates the implementation of an educational program aimed at improving MSME actors' understanding of food safety and product quality standards. The image depicts the atmosphere of the session attended by business actors, particularly those in the food sector, including mochi producers, with the materials delivered by competent speakers from Diskumindag.

3. Position

According to Mintzberg, strategy as position emphasizes the relationship between an organization and its external environment, particularly how the organization positions its products in the market to gain competitive advantage. In the context of Sukabumi City's Diskumindag, support for mochi SMEs is provided through training and mentoring focused on market segmentation, consumer trends, and marketing strategies. Diskumindag also encourages the use of digital platforms and participation in bazaars and exhibitions to test

market responses and expand networks. Modern packaging training further adds value to the product as part of marketing and branding strategies.

Diskumindag views mochi SMEs as having strong competitive advantages due to their status as a traditional specialty of Sukabumi deeply rooted in local history and culture. The product's uniqueness, quality ingredients, innovation in flavors and packaging, and the city's geographical position as a tourist destination strengthen mochi's market competitiveness. The strategy focuses on preserving distinctive characteristics, improving quality, strengthening branding, and continuous promotion to maintain mochi's leading position in regional and national markets. This approach reflects Mintzberg's dimension of position, where an organization aims to place its products advantageously through differentiation and consistent use of competitive advantages.

4. Perspective

According to Mintzberg (1992), perspective is a form of strategy that reflects an organization's view of itself and its environment, shaping its culture, values, and long-term policy and strategic direction. This perspective is internal and profound, creating a consistent mindset in responding to changes and determining the organization's future position. In the context of the Department of Cooperatives, SMEs, Trade, and Industry (Diskumindag) of Sukabumi City, the perspective on mochi SMEs as a flagship product and part of the local cultural identity strongly influences the policies implemented. The strategies applied focus not only on technical aspects such as training and legality but also on preserving traditional values, strengthening SME capacity, and sustainable promotion based on regional potential.

Regarding expectations for the development of mochi SMEs, Diskumindag aims for these businesses not only to survive but also to upgrade and compete in wider markets, including modern retail and export markets. Capacity building, legality, and product quality are key steps to transform SMEs into professional and independent enterprises. Support through training, promotion, and innovation encouragement is expected to help business actors build their own market networks and maintain local characteristics as a competitive advantage. Mochi entrepreneurs perceive this support positively, especially in training, licensing assistance, and marketing, which reflect clear and targeted policies that favor sustainable business growth.

5. CONCLUSION

This study concludes that Diskumindag Sukabumi City's strategy has positively supported the competitiveness of mochi MSMEs through initiatives such as product quality improvement, training, promotion, licensing assistance, and food safety education. Nonetheless, challenges remain, including budget constraints, limited innovation awareness among MSMEs, and restricted market access. It is recommended that Diskumindag enhances sustainable program planning, strengthens practical and adaptive training, and builds cross-sector collaborations to widen market opportunities.

For future research, it is suggested to expand the strategic analysis by integrating Mintzberg's position and perspective dimensions more deeply, especially in relation to

branding and cultural identity. Researchers may also apply the Resource-Based View (RBV) to explore how internal resources—such as local knowledge, skills, and unique product characteristics—can drive long-term competitiveness. This study's limitation lies in its primary focus on the plan and pattern dimensions, which may not fully capture the strategic complexity of Diskumindag's approach.

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