

Business Development towards Competitive Advantage in the Era of the Industrial Revolution 4.0 on MSMEs Guitar Artists in Sukoharjo Regency



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ABSTRACT: Introducing new and updated products is a way for companies to survive in a market. The purpose of this study is to identify and describe the important stages in business development and the formulation of business development strategies, analyze the internal and external environment, and plan business development for MSME Guitar Craftsmen in Sukoharjo Regency. The data collection method used in this study was interviews. The data analysis method used is descriptive qualitative analysis. The results showed that the SMEs of Guitar Craftsmen in Sukoharjo already have high competitiveness. In order to maximize the development of SMEs, several strategies that can be proposed through the RBV approach are assistance by the Small and Medium Enterprises Cooperative Trade Office of Sukoharjo Regency in branding, copyright, and preparation to penetrate the export market, and strengthening capacity and cohesion with fellow members of the Amanah Cluster in determining the network and negotiating raw material prices with suppliers.

KEYWORDS: Product Development, Guitar, MSMEs

INTRODUCTION

Product development is an activity that is continuously pursued by the company to maintain or increase the level of product acceptance by consumers. Introducing new products and or products that have been updated is a way for companies to survive in a market, where the consumer's need for increasing the value of a product is the key and direction for companies in developing their products.

In addition, product development is also intended as a guarantee of the quality of a company's products to consumers, product development is carried out continuously by the company to improve existing deficiencies in previous products, as well as to improve quality, update a product and add new innovations in product development. a product. So that the resulting product quality is guaranteed compared to the previous product (Widodo, 2005:10).

Product development has several stages related to the process, starting from the idea to the final stage, namely in the form of marketing (commercialization) of the product. In each stage of the existing process in product development will be influenced by various factors and the initial purpose of product development depends on the type of product to be developed. In connection with this product development process, the company must pay close attention to every stage of the process carried out so that it will produce innovative and high-quality products.

Based on the background that has been explained, the identification of problems that will be discussed in this study is related to how the stages of the product development process occur and the factors that influence the product development process, based on the theory of product development stages based on ideas, capabilities, customer requirements, functional specifications, product specifications, design reviews, market testing, product introductions, and evaluations.

THEORITICAL REVIEW

Product Development

Product design and development are all processes related to product existence which include all activities ranging from identification of consumer desires to fabrication, sales and delivery of products (Widodo, 2003:1). Product design and development is a part of the innovation process in the business world. Through product design and development, it is hoped that new product innovations will be able to provide certain advantages in overcoming the competition with competing products. In

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In addition, product development carried out by a company aims to gain a differential advantage in a market which will later be used by the company as a tool to compete with its competitors in the market. Therefore, to achieve success in product development, it is necessary to focus on three things (Gandhamihardja, 1995: 22):

1. Focus on the customer,
2. Gaining a differential advantage through the product,
3. Market the product as quickly as possible.

Product

Product is a subjective understanding of the company for something that can be offered as an effort to achieve organizational or company goals through fulfilling the needs and desires of consumers in accordance with the competence and capacity of the organization as well as the purchasing power of the market. Some experts define the product in a different sense as according to Philip Kotler and Kevin Lane Keller (2007: 4) stating that the product is anything that can be offered to the market to satisfy consumer wants or needs.

In carrying out a product development, it is necessary to pay attention to several components that make up a product, in Widodo, (2005:3) states that the components that make up a product can be divided into three main parts, namely core components, packaging components and supporting service components. In Widodo (2005:105) the product can basically be viewed in two elements, namely:

- Functional elements, are operations and individual transformations that contribute to the overall performance of the product.
- Physical elements, namely the parts, components and subassembly-subassembly that ultimately carry out the functions of the product. The physical elements of a product are organized into several major chunks.

MSME Product Development Strategy

Business (industry) in the scope of small and medium really needs to carry out product development that is carried out to maintain its business so that it can compete with similar businesses of the same or larger size. According to Kotler and Armstrong in Mahmud Mochfoedz (2005: 125), product development carried out by a business venture can be delivered in several product dimensions, namely as follows:

1.Product quality

2.Product form

3.Product design

Markets identify new product categories based on their newness to the company and to the market. Therefore, product development that can be carried out by a business according to Fandy Tjiptono (1997: 118-119) include:

1. A completely new product (new to the world,)

2.New product line,

3.Addition to existing product line,

4. Improvements as revisions to existing products.

RESEARCH METHOD

This research was conducted using a qualitative descriptive method by understanding the phenomena in this study regarding the stages of product development MSME Guitar Craftsmen in Sukoharjo Regency. The purpose of this study is to describe and describe the current state of the subject or object of research based on the facts that appear or as they are, obtained from key informants and the people involved in it and the observed behavior.

Through the existing framework, the researcher tries to find out what factors influence each stage of guitar product development at MSME Guitar Craftsmen in Sukoharjo Regency and to find out the stages that have been carried out and the procedures carried out in product development.

RESULT & DISCUSSION

This study purposed to determine the current state of the Sukoharjo Guitar MSME business, determine the Sukoharjo Guitar MSME potential, and formulate a Sukoharjo Guitar MSME development strategy according to the RBV Theory. The first finding in this study is the current condition of the Guitar Crafting MSMEs in Sukoharjo which remain resilient despite the Covid-19 pandemic. Despite experiencing a decline in turnover of up to 90%, MSME Guitar Craftsmen still have a sales turnover of Rp. 20,000,000.00 to Rp. 30,000,000.00 per month. In addition, adaptive capabilities are demonstrated through the initiative of business actors to explore online marketing through social media and marketplaces. The results also show that online marketing

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is proven to increase sales by up to 30%. This is in accordance with research conducted by Hardilawati (2020) which mapped the use of online marketing through the marketplace as a strategy to survive during the pandemic. As a center for guitar craftsmen, MSMEs for guitar craftsmen in Sukoharjo also have the potential to become a thematic tourism village (Seki & Armayana, 2021).



Figure 1. Interview with Mr. Sumardi (owner)

The second finding in this study is the potential of Sukoharjo Guitar SMEs in the form of high quality export-oriented products supported by experienced human resources. Unfortunately, there are still several obstacles faced by the Sukoharjo Guitar MSME players including imported raw materials, lack of brands, limited capital, difficulty in maintaining product quality for export, and copyright. Similar findings were also obtained by Sekti & Armayana (2021) in their research which revealed imported raw materials as a business constraint.



Figure 2. Variant of Guitar Products

The third finding in this study is to formulate a strategy for developing Sukoharjo Guitar SMEs according to the RBV Theory. In this study, RBV analysis was carried out through 4 constructs, namely process performance, fundamental resources, dynamic capabilities, and the ability to increase work capacity. Based on the results of the research, the performance of the MSME Guitar process in Sukoharjo is classified as good, where order acquisition is carried out in a fast process, communication with external parties (suppliers, resellers, customers) is motivated, good internal cohesion through family-friendly businesses, strategic adaptability through adjustments to market demand, and good cost control through financial records even though it is not done consistently (Seki & Armayana, 2021).

In the fundamental resource construct, relationships with customers are well established through the active role of MSME Guitar Craftsmen in recommending products that suit consumer needs. Relationships with suppliers are also well established because 25% of the raw materials for guitar

making are imported goods that cannot be purchased directly by the MSMEs of Guitar Craftsmen (Seki & Armayana, 2021). In addition, MSME Guitar Craftsmen also have skilled workers who always attend training in order to keep up with market demand and carry out quality control throughout the guitar manufacturing process.

In constructing the ability to increase work capacity, MSME Guitar Craftsmen have made technological improvements and functional improvements. Technological improvement is carried out through the use of several tools that simplify the guitar making process, such as the cutting process, pasting parts, and drying. In addition, functional improvements have also been made

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through online marketing. This is an improvement from the research conducted by Sekti & Armayana (2021) which revealed that the marketing carried out has not yet penetrated the online market.



Figure 3. Gallery of Guitar Product Sukoharjo

In the dynamic capability construct, HR management and organizational learning are carried out through training held in accordance with the development of market demand. Quick response is also shown by maneuvering to the online market to expand the market and increase sales. In addition, the management of MSMEs is also supported by an entrepreneurial spirit with qualified abilities. The results show that the emergence of an entrepreneurial spirit is influenced by external factors in the form of an environment dominated by guitar craftsmen and internal factors in the form of encouragement to be able to create jobs.

CONCLUSION

Based on the results of the research above, it can be concluded that the MSMEs of Guitar Craftsmen in Sukoharjo already have high competitiveness. In order to maximize the development of MSMEs, several strategies that can be proposed through the RBV approach are a) assistance by the Small and Medium Enterprises Cooperative Trade Office of Sukoharjo Regency in branding, copyright, and preparation to penetrate the export market, and b) strengthening capacity and cohesion with fellow members of the Amanah Cluster in determining the network and negotiating raw material prices with suppliers.

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