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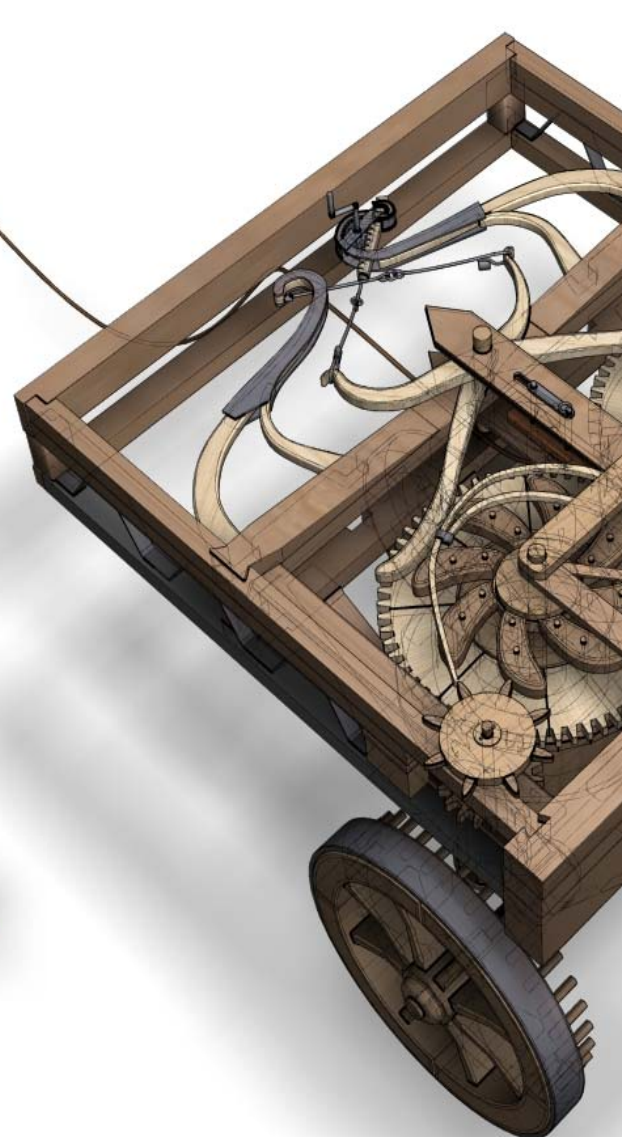
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Developing Ecotourism and its Supporting MSMs Using Performance, Opportunity and Results Analysis. Case Study in Pekalongan Regency, Indonesia

MG Westri Kekalih SUSILOWATI
Soegijapranata Catholic University Semarang, Indonesia
westrie@unika.ac.id

Retno Yustini WAHYUNINGDYAH
Soegijapranata Catholic University Semarang, Indonesia
wahyuningdyah.retno05@gmail.com

Widuri KURNIASARI
Soegijapranata Catholic University Semarang, Indonesia
widurikurniasari@yahoo.com

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Abstract

The development of the tourism sector and its supporting MSMEs have a positive impact on the society. However, various classic problems of MSME cause the MSME's competitiveness be relatively low and have not been able to provide optimal benefits for the community. Efforts to empower MSMEs and tourism are important to do. Empowerment policy must be comprehensive. Therefore, general policy directions, strategies and priority issues have to be formulated to suit the conditions and needs to achieve the goal. Using an Importance-Performance Analysis (IPA) approach combined with a Strength, Opportunity analysis Aspiration and Result (SOAR) analysis approach, this study aimed to formulate general policy directions and strategies and to highlight the priority of the issues. The study, conducted in Pekalongan Regency, Indonesia. There were 60 participants that come from local governments, academics, and community leaders as respondents. The results show that promotion and price mix are considered relatively high importance-low performance. Meanwhile, SOAR analysis shows that the endowment factors, the motivation of MSME's actors and government policies are their strength. Thus, in the short term, it is necessary to increase price and promotion performances to improve the quality of tourism MSMEs. In the long term, it is necessary to strengthen institutions and improve the quality of human resources.

Keywords: Tourism; MSMEs; environment; SOAR; welfare; ecotourism.

JEL Classification: A1; H0; H8; O1; O3; M3.

Introduction

Along with the development of the tourism sector, MSMEs supporting tourism appear in various forms, including tourist attraction providers, accommodation services, food and beverages, souvenirs and so forth. In macro, the tourism sector has a quite strategic position through its contribution to the Gross Domestic Product (GDP) of 4.23% or IDR 461.36 trillion, generating foreign exchange of US \$11.9 billion, and absorbing a tourism workforce of 12.16 million people (Kemenpar 2016). Thus, the role of MSMEs is important. Although its contribution to GDP by the GDP on a constant price was only around 60 percent, it was able to absorb 97.02 percent of the workforce

and 99.9 percent of business units in Indonesia (Walfajri 2018). There is a positive correlation between MSMEs and tourism that can reduce poverty, unemployment and income inequality. The development of MSMEs and the tourism sector support each other. As the tourism sector advances, MSMEs develop. Conversely, when MSMEs supporting tourism does not develop well due to various limitations, the development of the tourism sector does not develop optimally. It means that it does not provide maximum benefits for the community (Gopalan and Narayan 2010); (Perda Kabupaten Pekalongan Nomor 9 Tahun 2010 2009). Then, MSMEs supporting tourism should be encouraged to develop the tourism sector to improve people's welfare (Snyman 2012).

9. Literature Review

The tourism industry is an industry that is different from other industries. Tourism brings together major actors related to the tourism industry, *i.e.*: innovative start-up companies, high tech small and medium sized enterprises, large multinationals and academics (Aldebert, Dang and Longhi 2011). This industry has a combination of different businesses and organizations and involves the community and the environment to provide services for tourists (Triarchi and Karamanis 2017, Chumakova 2018). Tourism involves a complex and unique element so that it can be understood as a system due to the relationship between one element and other elements. The distinctive and diverse places are manifestations of a deeply felt involvement with those places by the people who live in them, and that for many such a profound attachment to place is as necessary and significant as a close relationship with other people (Graus 2017). The tourism industry is an industry that has a rapid development. Sustainability development can be explained through three aspects: economic, environmental, and social. Economically. Sustainability development can guarantee the production of goods or services to maintain the economic sustainability of a business. The environment is the resource that must be sustained, and the social aspect explains that sustainability development strives for fairness in the use of available resources, social security such as health, education, accountability, and participation that support community welfare. There are four principles of sustainable development to explain their relationship with tourism. (1) Ecological sustainability is very much needed to minimize the impact of tourism activities on the environment. (2) Social sustainability is related to the ability of the community to absorb input without causing social disharmony in the community. In addition to having a positive effect, tourism also has a negative effect that will affect social change that is vulnerable to the emergence of disharmony. (3) Cultural continuity is sensitive to social change. Therefore, the ability of the community to survive or adapt to changes in cultural elements is important to maintain the sustainability of local culture. (4) Economic sustainability involves the perspective of *sustainability development* by the level of profit that can cover costs in the presence of tourism. Ecotourism plays a role to control the potential of tourism which is a local resource and attraction (Atkinson, Dietz, and Neumayer 2007; Reynolds and Braithwaite 2001; Nasibulina 2017).

MSMEs are business groups with certain criteria such as turnover, assets and the number of workers. MSMEs have long been known as businesses that can survive in a crisis, absorbing the largest workforce, and contributing the largest output in the national economy. In its development, MSMEs were classified into four, (1) livelihood activities or street vendors, (2) Micro-Enterprise of craftsmen who do not have entrepreneurial characteristics, (3) small dynamic enterprise of MSMEs with entrepreneurial spirit and can accept sub-contract and export work, and fast-moving enterprise of MSMEs transforming into big businesses (Hermana 2006). Tourism MSMEs are community groups that meet the criteria as the MSMEs that support tourism development. Due to the nature of MSMEs which are resistant to economic turmoil as well as a large tourism potential in Indonesia, tourism MSMEs can be relied on facing global competition while reducing poverty and unemployment (Undang-Undang No. 20 Tahun 2008). Therefore, improvement, strengthening, capacity building and innovation (innovation and change) of tourism MSMEs need to be done.

Several studies have found that the problems faced by ecotourism areas are the issues of environmental conservation and the empowerment of local resources (Haryanto 2014). *Community-based tourism* can be a framework for developing local resources that are mutually supportive and sustainable in various aspects of life. The local community has full control and involvement in the management of ecotourism which can provide benefits for economic improvement. Pekalongan Regency is empowering the community and all regional economic forces, especially small, medium and cooperative entrepreneurs by developing a populist economic system based on equitable market mechanisms based on natural resources and productive, independent, advanced, empowered, competitive, environmentally friendly and sustainable human resources (Gopalan and Narayan 2010; Perda Kabupaten Pekalongan Nomor 2 Tahun 2011). To empower the community and drive the economy, one way that can be taken is to move the micro small and medium business sector (MSME) as a supporter of tourism (Nasir 2017).

10. Methodology

This study used primary data as the main input. The primary data were obtained through field exploration, questionnaires, interviews and group discussions. The questionnaire approach was used to obtain the data related to the profile and interest and the performance of the MSME marketing mix. Overall, the questionnaires were distributed to 60 MSMEs as the respondents. Meanwhile, an in-depth interview with the head of the Tourism Office of Pekalongan Regency was conducted to obtain information on the direction of developing Kabalong tourism area with the development plan of Pekalongan Regency. The data gathered through group discussions (FGD) using the meta plan approach to the resource persons considered to be competent and well acquainted with the potential of the study area (related SKPD, Head of Sub-District, Head of Village, MSME actors, youth groups and community leaders) was used to obtain the potential data including strength, opportunities, aspirations / ideas for the development and expectations of MSME conditions when certain policies are applied.

This research was conducted using qualitative and quantitative approaches. A qualitative approach was used to get a picture of MSMEs supporting tourism, various territorial potential, and the limitations and expectations and development needs desired by stakeholders. The quantitative approach was used to obtain the data on regional profiles, including the potential of regional resources, the types, and capacities of community MSMEs, and the potential and capability of human resources. The data analysis was conducted using descriptive (quantitative and qualitative) analysis techniques presented in tables, graphs, and charts. The potential local resources in the Kabalong area are described based on the secondary data from the relevant OPD, supplemented by field observations and interviews with stakeholders. Descriptive analysis instruments were used to describe the MSME profiles (marketing, production, capital, and management). Importance-Performance Analysis (IPA) was used to map the performance and interests of the marketing mix elements (product, price, place, promotion) and Strength, Opportunity analysis Aspiration and Result (SOAR) was used to determine the strength factors, opportunities, alternativ solutions to the problems and results expected.

11. Case studies

Table 1. presents the demographic characteristics of the respondents. The number of male and female respondents is quite balanced at 41% and 59% respectively with the ages younger than 30 years (31%), and older than 50 years (28%), whereas in terms of the level of education, most MSMEs just graduated from elementary school (50%) or did not go to school (5%).

Table 1. Respondents' Demographic Profil

Category	Group	Number	Percentage
Sex	Male	24	41
	Female	34	59
Age	<30 years	18	31
	31 - 40 years	11	19
	41-50 years	13	22
	> 50 years	16	28
Education	Bachelor	0	0
	high school/ equivalent	9	16
	junior high school	17	28
	elementary school	29	50
	no school	3	5

Source: Primary data

According to the type of business, most of MSMEs supporting tourism in Kabalong are trade and services such as grocery stores, food stalls, selling plantation products, and tourism services. These grocery stores have not specifically served the interests associated with tourist attractions, but they still serve the community around the area in general. However, the existence of this food stall has highly supported the development of tourist destinations because it often becomes a hangout for visitors while enjoying the natural beauty and/or waiting for tenants/ relatives who are doing rafting, outbound or just self-tourism activities in spots which are considered "Instagram-able". Based on the kind of the business, they tend to use raw materials they bought. They usually have 20 labours with the business places integrated with their residential areas with the status of Right to Ownership. The monthly turnover of the MSMEs tends to be less than IDR 5 Million per month, in accordance

with the MSME criteria. In general MSMEs tend to use their own capital. This condition can be related to the ability of the MSMEs to access credit from banks.

Table 2. Sales Turnover per week

Sales	Frequency	Percentage
Less than IDR 5 million	48	83
IDR 5 million – IDR 10 million	8	14
IDR 10 million – IDR 50 million	1	2
More than IDR 50 million	1	2

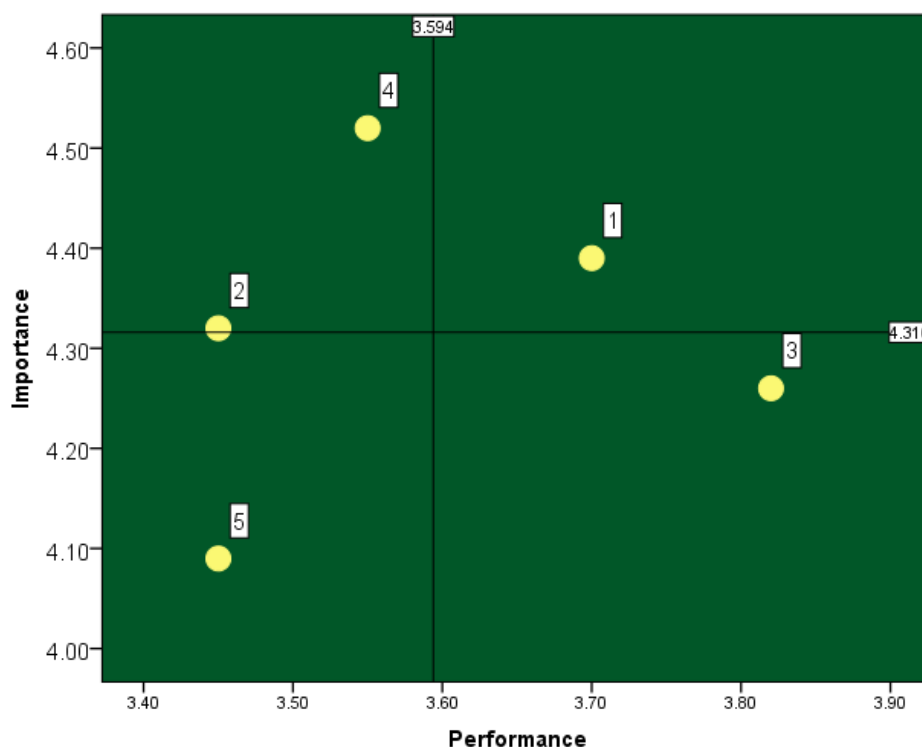
Source: Primary data

Concerning the problems faced, the MSMEs supporting tourism in Kabalong area have the same problems as other MSMEs in general, such as the quality of production/raw materials that are not standard/unstable, lack of promotion, unpaid debt, capital and marketing (Niode 2009).

IPA Mapping of the Marketing Mix of MSME Supporting Tourism in Kabalong

The Importance Performance Analysis of the marketing mix was used to determine policy priorities or actions to advance MSMEs. The Cartesian diagram in figure 1 shows that basically all elements of the marketing mix and facilities are considered important. This is shown by the position of all elements in the diagram with a level of importance over 4 of the maximum score of 5. However, the promotional marketing mix is the most important marketing mix element, followed by products, prices, places/distribution, and other supporting facilities relatively. Concerning the performance, all marketing mix is considered to have a good performance, but relatively it can be ranged from the best to the worst: Place, Product, promotion, price and other supporting facilities

Figure 1. The Cartesian Diagram of Marketing Mix Element



Source: Primary data

In the Cartesian diagram, the Products with diversity, brand, feature, size, guarantee, quality, packaging, design, and service indicators are in quadrant I (high importance and performance). Promotion and price are in quadrant II (high importance and low performance). Price mix including the indicators of price affordability, price compatibility with quality, price conformity with competitiveness services, discounts and payment methods is in quadrant 2. Promotion mix includes publications, exhibitions, advertisements, Web design, social media networks, signposts, billboards, sales force, and direct marketing. Place mix (accessibility) including the

accessibility, infrastructure conditions, and strategic locations, types of distribution and transportation channels is in quadrant IV (low interest and high performance). Tourism supporting facilities such as toilets, prayer rooms, ATMs, communications, guides, souvenirs, parking lots and culinary arteries are in quadrant III (low importance and performance).

SOAR of MSMEs Supporting Tourism in Kabalong

Unlike the SWOT analysis, SOAR analysis uses the approach of *appreciative inquiry* (AI) (Deveau 2015; Khavarian-Garmsir, Stavros, and Saraei 2017; Zarestky and Cole 2017). The aim is to achieve the targets set by the company by focusing on positive things that can be developed rather than thinking about internal weaknesses or perceived threats that might not occur. Thus, a company can optimally utilize its potential. Internal factors focus on strengths, and external factors focus on opportunities for MSMEs to grow and develop. In the SOAR analysis approach, a set of actions that use strengths and opportunities is designed, exploring the aspirations of how to achieve the company's goals using existing potential (utilizing the available strengths and opportunities), and describes the results that may be achieved and measured. Table 5 presents SOAR identification of MSMEs supporting tourism in Kabalong area.

Table 3. The Matrix of SOAR of Supporting Tourism MSMEs in Kabalong, Pekalongan Regency

Strengths	Opportunities
<ol style="list-style-type: none"> 1. Production is based on local potential (raw materials are easily available), 2. Durian as the main product of agricultural MSMEs is well known for its good taste 3. Pekalongan Regency is the only Regency in Central Java that has durian forests 4. a variety of products around Kabalong, 5. Having a strong motivation to become entrepreneurs 6. Having a basic knowledge of business management 	<ol style="list-style-type: none"> 1. Development of Kabalong as ecotourism is following the regional and spatial planning of Pekalongan Regency, 2. Natural conditions with a cool atmosphere, 3. Beautiful view, 4. Easy access, 5. Many beautiful/ instagramable photo spots, 6. Shifting people's preferences in choosing recreational destinations 7. Number of local cultures around the area, 8. Increased purchasing power/ income per capita 9. vocational high schools with developed products of durian rind (superior products of the region)
Aspiration	Results
<ol style="list-style-type: none"> 1. Developing clusters, 2. Developing cooperatives that handle MSEM, 3. Providing intensive assistance after training, 4. Establishing joint business groups, 5. Designing something "that becomes an identity, 6. Designing tour packages 7. Empowering business groups to increase family income (UP2K), 8. Designing Kabalong as an integrated area such as Technopark for tourism, 9. Optimizing the management of tourism areas by BUMDES (village-owned companies), developing e-commerce 10. Improving synergy between villages 	<ol style="list-style-type: none"> 1. Having an icon so that it is easier to recognize Kabalong, 2. having a product specialization 3. Increasing the number of tourists so that MSME profits also increase, 4. Increasing the number of workers absorbed, 5. Making Kabalong a unique tourist area, 6. Increasing MSME assets

Source: Primary Data

From the description and condition of MSMEs supporting tourism in Kabalong area it can be seen that the MSMEs supporting tourism in Kabalong area have the potential to be developed. From the available types of businesses, most of them are trading and services such as grocery stores, food stalls, rafting, and outbound areas. By Sengkarang River, there is a field that can be used as a campsite and other outdoor activities. Meanwhile, from the demography, the majority of MSMEs are aged less than 40 years old.

From the SOAR identification, it is known that the MSMEs supporting tourism in Kabalong area has the strength in the aspect of production because the goods produced by the MSMEs tend to be based on the local potential. Durian fruit which is the main product of the agricultural MSMEs has been famous for its delicious taste. Pekalongan Regency is the only Regency in Central Java that has a durian forest. Durian-based food development is also supported by annually "Durian festival". The Focus Group Discussions also identified the presence of various products around the Kabalong such as coffee, palm sugar, rambutans, bananas, and

wedang juruh (drinks with coconut milk and coconut/palm sugar). The development of processed foods can be a step that utilizes the power of this aspect of production. In addition to the production aspect, MSME supporting tourism in Kabalong also has strength in the human resources aspect. They have a strong motivation to become entrepreneurs and the basis of management knowledge. They have received some training held by the Cooperative and MSMEs institutions of Pekalongan Regency. Some previous researches show that strong motivation and management knowledge have a positive impact to the business success (Pamungkas 2015; Susanto and Nuryakin 2018; Syarifah and Fauziyah 2017; Susilowati, Rahutami and Winarno 2015).

From the conditions that are considered to open opportunities for the development of MSMEs supporting tourism as presented in table 1, it can be said that the opportunities for MSME development are indirect. It is derived from the opportunity of tourism activities. The development of tourism activities led to the emergence of new economic activities. In other words, MSME will develop along with the development of tourist destinations. However, the existence of MSMEs around the area also has a positive impact on the development of tourist destinations and adds the attraction. There is a positive causal relationship between the development of tourism and MSMEs in the vicinity.

Aspiration is an initial stage of innovation. In exploring aspirations, participants who joined the discussion were invited to imagine an ideal MSMEs and provide ideas to realize that ideal MSMEs by considering their strengths and opportunities. In detail, the results of the identification of aspirations are presented in table 1. Considering the details of these aspirations, there are two important things that can be formulated to advance the MSMEs in Kabalong area, *i.e.* Strengthening MSMEs institution and optimizing the use of local potential.

The results are tangible and measurable ones that reflect the level of achievement of goals and aspirations. The ultimate target desired is progressing and developing MSMEs. These goals will be achieved only if tourism develops. In this study, tourism will develop and have a positive impact on MSMEs if there is an icon that makes it easy to recognize Kabalong; product specializations and uniqueness. The increasing number of tourists will increase the employment and MSMEs' assets (Khavarian-Garmsir and Zare 2015).

Furthermore, based on the results of the IPA, the promotion and price mixes must be prioritized to improve. Overall the marketing mix performance of the MSMEs supporting tourism in Kabalong area has had a good performance. However, if it is not accompanied by good promotion, MSMEs will not reach optimal results. The promotional mix which was identified as important but having low performance is a signpost. Field observations show that the signposts for the Kabalong tourism area are very limited, both in terms of number and information destinations. The existence of a signpost is very simple, but it plays a very important role as a part of the promotion mix. Therefore, the addition of signposts with an "eye-catching" design needs to be prioritized. The promotion mix of publications, exhibitions and use of social media networks tends to be perceived as important and has good performance, so the promotion mix is sufficiently maintained and optimizes the utilization of IT (Hermana 2006; Subiyanto 2015; Aryanto, Wismantoro and Widyatmoko 2018).

Conclusion

Overall, considering the demographic conditions and business profiles, SOAR analysis and IPA show that the MSMEs supporting tourism in Kabalong are the potential to be developed. The MSMEs will develop along with the development of tourism. Thus, the main strategy for advancing MSMEs is to encourage the development of tourism. However, as a supporting system that encourages the development of tourism, the MSMEs around the area should have a good performance so that it gives a positive impact on the developed tourism. By considering the character of the actors and the business conditions, the results of the IPA on the marketing mix, and the SOAR analysis, it can be proposed to enhance tourism MSMEs around Kabalong area as follows, "The Development of Tourism and Resilient MSMEs supporting Tourism based on local potential, science, and technology to improve social welfare". The development of Kabalong can also refers to Zaryadye (Russia) that has a number of features which form its originality. In the Zaryadye park, various information such as media complexes; tourist information centers; showrooms; shops of souvenirs and gifts booths are presented (Evstratova, Kabanova, Vetrova, and Kataeva 2020). To develop tourism and resilient MSMEs supporting tourism, it is necessary to determine short-term and long-term strategies. In the short term, promotion, and price mixes should be put as the priority to have performance improvement. According to the IPA in the promotion mix, signpost with an eye-catching design needs to be added. In the price mixes, price appropriateness and service quality are considered important but with relatively low performance. The actions that can be taken to improve service quality are maintaining price competitiveness. Asking feedback from customers to find out to what extent the service is provided, the strengths, and weaknesses might be useful. On the other hand, the strategies to enhance the MSMEs supporting tourism in Kabalong area are as follows:

a. Human resource dimension: Increasing the capacity of human resources of MSMEs and art workers in the area. The quality of human resources can be improved through intensive training and assistance as well as forming regular communication forums among MSMEs to increase knowledge about business development. Assistance needs to be done for a long time; follow up after the training program should be done (organizing ongoing workshops).

b. Production Dimensions: Mapping various types of products produced by MSMEs so that they can be classified based on the similarity of characters for specialization purposes. Determining superior products based on the criteria of uniqueness, social involvement (including the number of employers and jobs), raw materials (including availability, origin, and access to raw materials), competitiveness position (including production capacity, relative prices, potential markets, and sustainability)

c. Institutional dimension: Strengthening the capacity and capability of MSME institutions that support tourism development in Kabalong area.

d. Improving the coordination among relevant Regional Apparatus Organizations, both provincial and district, improving MSME development programs and/ or the institutions/cooperatives that handle MSMEs and facilitate innovation and marketing processes.

Considering that most MSME actors have a relatively low level of education (lower than junior high school), the companions at these MSMEs cannot be carried out incidentally. The assistance should be done in the long term continuously. The study also notes that the most important thing in formulating strategies to improve MSMEs is the change of mindset related to MSME development. The mindset to improve MSMEs must place MSMEs as the subject of development rather than as objects. The development of MSMEs can start from what MSMEs have, not from what they do not have or from their limitations

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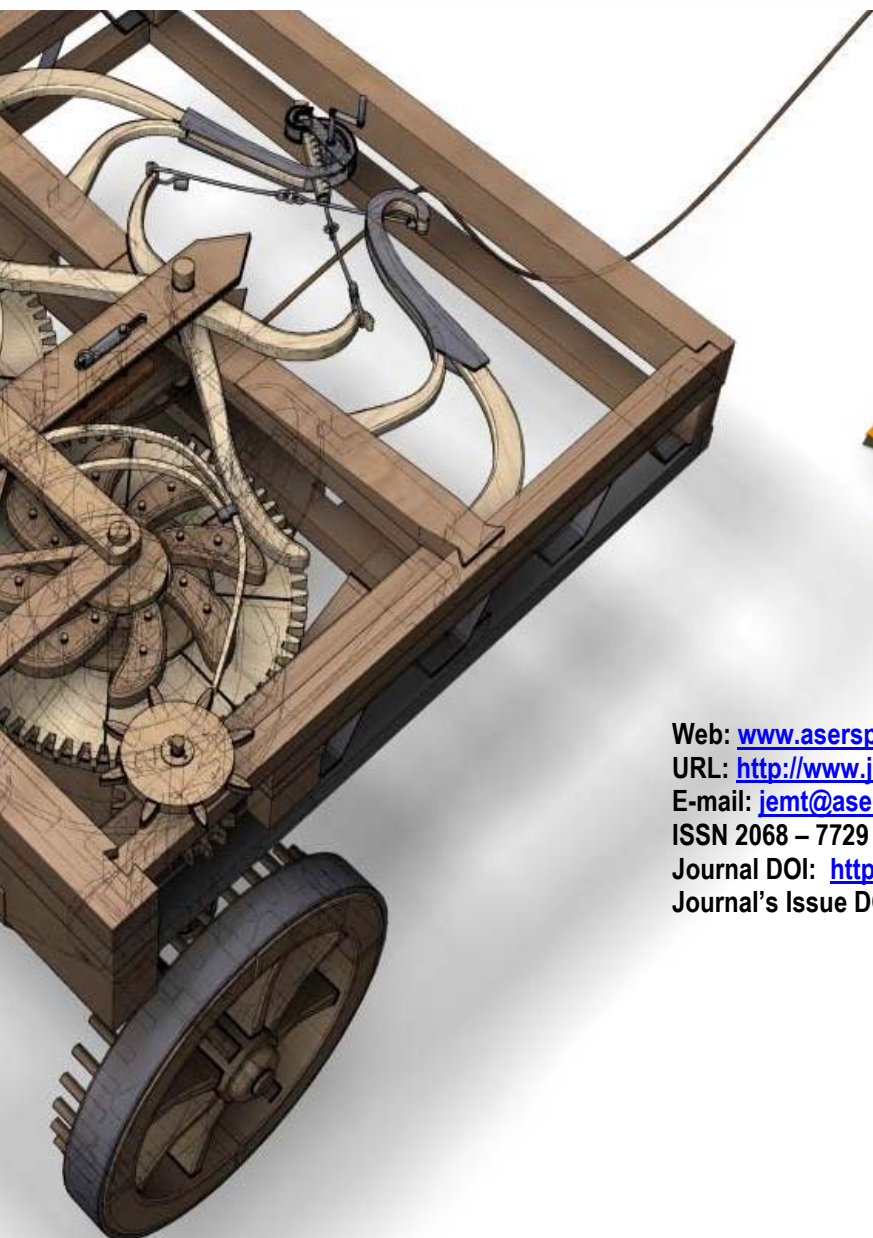
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