
Improving Entrepreneurial Competitiveness Through MSMEs Development Strategies in the Era of Globalization

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Abstract:

This study aims to analyze the business development strategy used to enhance the competitiveness of UD. Dian Pertiwi in the era of globalization. A descriptive qualitative approach was employed, utilizing observation, interviews, and documentation as data collection techniques. The findings indicate that UD. Dian Pertiwi implements strategies in three key areas: business capital, service quality, and marketing. Capital management is conducted prudently to ensure operational continuity. Service improvement focuses on delivering friendly and professional interactions to enhance customer satisfaction. Marketing efforts leverage social media platforms to broaden market reach. The study concludes that the implemented business development strategies have effectively contributed to increasing the competitiveness of UD. Dian Pertiwi in facing global market challenges.

Keywords: Business Development Strategy, Competitiveness, UD. Dian Pertiwi, Globalization

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1. Introduction

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in Indonesia's economy due to their resilience amidst various crises and their function as a primary source of livelihood for many communities (Suyadi et al., 2018). According to the classification by the Indonesian Central Statistics Agency (BPS), MSMEs consist of micro enterprises (1–4 employees), small enterprises (5–19 employees), and medium enterprises (20–99 employees) (Nurjaya, 2022). This sector also significantly contributes to regional economic development through the empowerment of the grassroots economy (Fatmawati et al., 2022). Although Indonesia's entrepreneurial population remains comparatively lower than in other countries, the government actively promotes entrepreneurship by integrating entrepreneurial education into the national curriculum (Purwana & Suhud, 2018). In the face of increasingly intense business competition, MSMEs are compelled to implement superior strategies including enhancing product quality, improving customer service, offering price

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flexibility, and innovating marketing methods to boost market competitiveness (Arianty, Siregar, & Yulianti, 2016).

The decline in MSME revenues driven by the influx of new competitors represents a critical challenge within a dynamic and competitive market environment where consumers enjoy a broad range of choices and rapidly evolving preferences. To survive and thrive, MSMEs must possess strong competitive advantages by producing high-quality products, understanding market demands, and managing key determinants of business success (Sulistiyanı et al., 2020; Suryana, 2017). These determinants encompass working capital as an operational backbone, quality service to foster customer satisfaction (Kotler, 2008), and effective marketing strategies to create value and maintain consumer relationships (Tjiptono, 2008). These three elements are fundamental pillars for MSMEs to sustain and grow amid globalization and fierce business rivalry.

In the context of digital transformation, information technology developments have become pivotal drivers of strategic shifts within MSMEs (Elsa, Indrawati, & Caska, 2025; Kraus et al., 2024). Digitalization promotes entrepreneurial orientation, innovation, and the expansion of international networks (Hervé, Schmitt, & Baldegger, 2020; Knight, 2000). However, despite an expanding body of literature on MSME digitalization, a notable research gap remains regarding the practical integration of digital transformation into local business strategies, particularly in rural or remote areas with unique socio-economic characteristics (Nugraha & Pambuko, 2023; Putri & Rahayu, 2023). This study aims to fill this gap by focusing on MSMEs in Dencarik, Buleleng, which face competition from various business types and diverse market conditions.

As a case study, UD. Dian Pertiwi is a small trading business that has evolved since 2010 from a home-based operation to wholesale and retail daily necessities. In recent years, however, the business has suffered significant revenue declines due to intense competition from modern minimarkets and other local stores (Alfian et al., 2023). The revenue decrease from IDR 850 million in 2021 to IDR 571 million in 2024 illustrates mounting market pressure. Despite advantages such as a strategic location and personalized services, UD. Dian Pertiwi confronts competitors offering more competitive prices and modern promotional systems like Alfamart and Indomaret (Sari & Utami, 2020).

The increasingly dynamic and evolving market competition requires UD. Dian Pertiwi and similar MSMEs to adopt effective digitalization strategies and business innovations to remain relevant and competitive (Fitriani & Nasution, 2022; Zahoor et al., 2023). Nonetheless, there is a research gap regarding how digital transformation integrates with traditional marketing strategies in MSMEs that still rely on personal relationships and local products (Rizky & Nurhasanah, 2022). Furthermore, while many studies address MSME competitiveness in theory, empirical research simultaneously linking working capital, service quality, and marketing strategies within rural MSME contexts remains limited (Putri & Widodo, 2021; Kurniawan & Astuti, 2022).

The novelty of this research lies in combining an analysis of the real conditions faced by local MSMEs with a holistic approach to digitalization and marketing strategies, considering the socio-cultural context and modern competitive challenges. This study also endeavors to provide practical, data-driven recommendations for developing MSME business strategies in regions experiencing high competitive pressure.

The objective of this study is to analyze the various factors influencing the decline in revenue and competitive advantage of MSMEs in Dencarik, Buleleng, particularly in the context of intensifying competition. The research further aims to comprehensively examine the roles of working capital, service quality, and marketing strategies as key determinants of MSME competitiveness. Additionally, this study seeks to identify opportunities and challenges in adopting digital transformation and marketing innovation to enhance MSME business effectiveness in the region. The findings are expected to offer practical, adaptive strategic recommendations enabling MSMEs to survive, grow, and leverage technology alongside evolving market dynamics optimally.

2. Theoretical Background

Competitive Advantage Theory

Competitive advantage refers to a firm's ability to outperform competitors by leveraging distinctive internal resources, strategic capabilities, and innovation (Putri & Widodo, 2021). For micro, small, and medium enterprises (MSMEs), this advantage is especially vital due to their limited capital and operational scale. Alfian et al. (2023) emphasized the importance of digital-based business strategies for MSMEs in gaining access to wider markets and enhancing performance during challenging times such as the COVID-19 pandemic.

Porter's generic strategies—cost leadership, differentiation, and focus—remain applicable in the MSME context (Arianty et al., 2016). Differentiation through innovation and customer-centricity can be an effective way for MSMEs to stand out. In addition, Putri and Rahayu (2023) highlighted that technological readiness and government support play crucial roles in helping MSMEs implement these competitive strategies effectively.

Competitiveness

Competitiveness is defined as a firm's ability to offer superior value through product quality, service excellence, and operational efficiency (Singh et al., 2010). MSMEs, operating under resource constraints, need to continuously innovate and respond to market demands to remain competitive (Knight, 2000). Kraus et al. (2024) argued that digital transformation enables SMEs to develop sustainable competitive advantage through integrated capabilities.

In line with this, Fitriani and Nasution (2022) found that MSMEs leveraging digital transformation during the pandemic improved competitiveness by reaching new

markets and streamlining operations. The role of digitalization as an enabler of agility and responsiveness has also been confirmed by Hervé et al. (2020).

Development Strategy

A sound development strategy aligns resources and capabilities with market opportunities to ensure business growth (Singh et al., 2008). MSMEs are increasingly integrating digital strategies and innovation into their development plans (Zahoor et al., 2023). According to Nugraha and Pambuko (2023), branding and digital transformation rooted in local culture can drive MSME development by enhancing authenticity and customer connection.

Moreover, the quadruple helix model—integrating collaboration among government, academia, industry, and society—has emerged as a strategic framework to stimulate innovation and resilience in MSMEs (Rizky & Nurhasanah, 2022). Strategic knowledge management also supports long-term performance and innovation (López-Nicolás & Meroño-Cerdán, 2011).

Business Capital

Capital is a critical resource for MSME survival and growth, yet access remains a major challenge. Effective capital utilization is essential for innovation and operational sustainability (Putri & Widodo, 2021). According to Nkongolo Bakenda and Chrysostome (2013), the ability to attract external resources depends on strategic positioning and entrepreneurial initiative.

MSMEs often face difficulty meeting credit requirements, thus requiring prudent internal capital planning (Elsa et al., 2025). Financial constraints can limit investments in technology, but through adaptive strategies and collaboration, MSMEs can enhance their financial flexibility.

Service Quality

Service quality directly influences customer satisfaction and retention. Five key dimensions—reliability, responsiveness, assurance, empathy, and tangibles—determine perceived service quality (Martin & Javalgi, 2016). High-quality service builds trust and reinforces brand loyalty.

Sari and Utami (2020) highlighted how heritage-based branding and personalized service help MSMEs differentiate themselves, particularly in creative industries like batik. The shift to digital platforms also enables better service tracking and responsiveness (Knight, 2000).

Marketing

Marketing plays a strategic role in ensuring product visibility and customer engagement. The evolution from traditional to digital marketing has transformed how MSMEs build relationships and generate sales (Knight, 2000; Elsa et al., 2025). The COVID-19 pandemic accelerated the digital transition, making online platforms critical for MSME resilience (Alfian et al., 2023).

Vial (2019) emphasized that digital transformation reshapes customer interactions and marketing capabilities, while Martínez Román et al. (2019) found that SMEs with high levels of innovativeness and market responsiveness performed better internationally. MSMEs that adopt agile and data-driven marketing strategies can better position themselves in competitive landscapes.

3. Methodology

This research method was conducted at UD. Dian Pertiwi which is located in Dencarik Village, Banjar District, Buleleng Regency, with a descriptive qualitative approach to examine the development strategies of MSMEs in the era of globalization. The population in this study consisted of business owners and customers, with sampling techniques using purposive sampling and snowball sampling methods to obtain more relevant and in-depth information. Researchers used a descriptive approach to describe the strategies implemented by MSMEs, with operational steps such as collecting income data and examining the influence of capital, services, and marketing on competitiveness.

The data source used is primary data, which is obtained through direct interviews with informants, field observations, and documentation such as financial reports and UD marketing strategy records. Dian Pertiwi. Data collection techniques were carried out through in-depth interviews, passive participation observation, and documentation studies to support the analysis of marketing strategies and competitiveness. The documents analyzed include financial statements, customer data, and promotional strategies, which serve as the basis for assessing the effectiveness of business development.

The data analysis process in this study followed Miles and Huberman's qualitative analysis model, which consists of four stages: data collection, data reduction, data presentation, and conclusion drawing and verification. Interview data were recorded and recorded, then reduced to select important information relevant to the research focus. Data presentation was done in the form of narratives and charts to illustrate the relationship between data systematically and facilitate understanding.

Conclusions are drawn based on patterns found during the analysis process, which are related to business development strategies in increasing the competitiveness of UD. Dian Pertiwi. The researcher went back and forth reviewing the data through the reduction and presentation process to ensure the validity of the information before drawing the final conclusion. With this approach, the research is expected to provide an in-depth picture of the dynamics and challenges of MSME development in the midst of global competition.

4. Empirical Findings/Result

Through observation and interview techniques conducted to business owners and employees of UD. Dian Pertiwi, information was obtained related to the development

strategies applied to improve entrepreneurial competitiveness in the era of globalization. The strategies used include strengthening capital as a basis for business continuity, improving service quality to build customer loyalty, and optimizing marketing to be able to reach a wider and more competitive market in the midst of changing global developments.

Table 1. Results of Data Reduction

Indicators Used	Name of Source	Data Reduction Results
Business Capital Management	Mr. Sandi (Business Owner)	Limited initial capital is not an obstacle, because business actors utilize a reinvestment strategy by setting aside some of the profits to increase product stock, expand shop space, and improve business facilities. Owners also utilize financing from regional cooperatives to accelerate business growth. Obstacles related to procedures and disbursement times can be overcome with careful planning, so that businesses can grow significantly with increasingly diverse products, more comfortable business premises, and an increasing number of customers over time.
	Mrs. Ni Made Ariati (Customer)	Customers realize that the store has undergone positive changes over time. Now the products sold are more complete, the business premises look more modern and neat, and the store facilities are also more adequate. This makes customers confident that the business utilizes capital well and brings positive changes to business development and customer comfort.
	Mrs. Novi Ananda (Customer)	Customers also see the development of the business over time, starting from initially limited products to more complete and varied. The store space is also increasingly spacious and comfortable, which makes customers feel that this business is growing healthily and can be relied on for daily shopping needs.
Quality of Service	Mr. Sandi (Business Owner)	Business owners provide training to employees to provide excellent service, including a friendly attitude, responsiveness, and the ability to recommend products according to customer needs. This is done to create a satisfying shopping experience for customers, increase trust levels, and build loyalty over time.
	Sis Risna (Customer)	Customers find the service at this store friendly and responsive, even before asking for help. Employees actively answer questions and provide product suggestions that suit customers' needs. This makes

Indicators Used	Name of Source	Data Reduction Results
		customers feel cared for and makes the shopping experience more comfortable and enjoyable.
	Mrs. Novi Ananda (Customer)	Service is not only focused on transactions, but also on customer needs and comfort. Employees are quick to help find products that suit your needs, giving the impression that this business prioritizes service that makes customers feel appreciated and cared for.
Marketing strategy	Mr. Sandi (Business Owner)	Business owners actively utilize social media (Instagram and WhatsApp Business) to promote products and various special offers to build brand awareness and attract customers. Participation in UMKM bazaar events is also used as a form of sales promotion by providing discounts and special packages for visitors. Active interaction with regular customers is also carried out as a form of public relations that can build a positive business image and public trust, allowing businesses to reach a wider market and increase sales significantly.
	Mr. Mahar Dika (Customer)	Customers first learned about the business from social media (Instagram), with clear and informative product and discount content. The business' participation in the bazaar also gave customers the opportunity to interact directly and purchase products with special offers, making the shopping experience more interesting and strengthening customer loyalty.
	Mrs. Made Arianti (Customer)	Customers are attracted to this business from story uploads on social media, then decide to check the business account and come directly to shop. The suitability of the product to what was promised on social media makes the shopping experience more satisfying, and encourages customers to shop again and recommend this business to others.

Source: Data Processed, 2025

5. Discussion

Based on the results of data reduction obtained through observation and in-depth interviews with business actors, it was found that UD. Dian Pertiwi implements a number of strategies that focus on strengthening business competitiveness in facing challenges in the globalization era. The strategies implemented include capital management strategies, quality service strategies, and active marketing strategies.

These three strategies complement each other and form an important foundation in building an overall business competitive advantage.

In strategic management studies, the approach used to analyze these strategies refers to the Competitive Advantage Theory proposed by Michael E. Porter, where competitive advantage can be formed through three main approaches: cost leadership, differentiation, and focus strategy. These approaches serve as a strategic framework to help companies differentiate themselves from competitors and build sustainable value for customers (Porter in Arianty et al., 2016; Singh et al., 2008).

Business Capital Strategy

The findings of this study reveal that the business is operated with initial capital of IDR 50 million sourced from personal savings and family support, without external loans. This disciplined and internal-focused capital management allows the business to grow with high efficiency. The capital is allocated systematically to essential operational needs, which reflects effective resource utilization.

This result aligns with Porter's theory that emphasizes leveraging internal resources to gain cost advantages (Arianty et al., 2016). Similar conclusions were drawn by Putri & Widodo (2021), who found that internal innovation and financial discipline in SMEs significantly contribute to their competitiveness. Elsa et al. (2025) also highlight that efficient capital utilization is a driver of strategic agility and adaptability in SMEs undergoing digital transformation. Furthermore, Knight (2000) supports the view that SMEs relying on internal capital while maintaining lean structures are better equipped to face global competition. Finally, Singh et al. (2010) argue that prioritizing essential capital expenditure can help SMEs remain resilient amid fluctuating economic conditions.

In my opinion, while internal capital has sustained this business so far, long-term strategic planning involving projections of future capital needs is essential. This will enable the business to identify appropriate opportunities for partnerships or external financing when needed.

Service Strategy

The study further shows that UD. Dian Pertiwi provides responsive and personalized customer service. Customer requests are addressed promptly and politely; service time is maintained with consistency, and the business environment is kept clean and welcoming. This service quality contributes to emotional bonding with customers and enhances perceived value.

These practices align with the differentiation strategy of Porter's theory, which emphasizes service excellence as a means of creating unique value (Arianty et al., 2016). Supporting evidence comes from Fitriani & Nasution (2022), who found that service responsiveness strengthens customer trust during times of uncertainty. Putri & Rahayu (2023) similarly observed that customer-centered service strategies are critical for building a loyal customer base. Moreover, Martin & Javalgi (2016) suggest that customer experience is a central element of competitive strategy, especially for micro-

enterprises. Lastly, Sari & Utami (2020) confirm that heritage-oriented SMEs with consistent and high-quality service enjoy stronger competitive positions.

In my view, the business should consider codifying its service practices into Standard Operating Procedures (SOPs) and regularly training staff to maintain consistency. This institutionalization of service quality can further improve customer satisfaction and long-term competitiveness.

Active Marketing Strategy

The business also demonstrates success in leveraging both word of mouth and social media to promote its products. Communication is open and engaging, and promotional efforts—such as discounts and visual content—are used effectively to attract and retain customers. This has expanded the business's market reach and deepened customer relationships.

This marketing effort fits with Porter's emphasis on differentiation and focus strategies that align with market-specific promotion patterns (Arianty et al., 2016). According to Alfian et al. (2023), SMEs that actively utilize digital platforms during the COVID-19 pandemic managed to not only survive but grow. Nugraha & Pambuko (2023) emphasize that marketing through culturally adapted and visually engaging digital content enhances competitiveness. Zahoor et al. (2023) further argue that marketing effectiveness in SMEs is tied to digital literacy and personalized communication. López-Nicolás & Meroño-Cerdán (2011) also found that strategic knowledge-sharing through digital media helps firms create and sustain customer loyalty.

In my perspective, to scale this strategy further, the business should develop a structured digital marketing plan using data analytics and customer profiling. This will allow for more targeted and cost-effective promotions that align with shifting market preferences.

6. Conclusions

Based on the research results, it can be concluded that the business development strategy implemented by UD. Dian Pertiwi—including business capital management, improving service quality, and utilizing digital marketing strategies—has had a significant positive impact on the company's competitiveness in the era of globalization. Business capital management is carried out wisely to ensure smooth operations, maintain the availability of stock of goods according to demand, and increase financial flexibility in dealing with market fluctuations. On the other hand, improving the quality of service that prioritizes friendliness, speed, and professionalism, is able to build consumer loyalty and strengthen the company's positive image, despite competition from similar businesses. Marketing strategy also plays an important role, where the use of social media and digital platforms is used to expand the reach of promotions, attract new customers, and maintain

relationships with old customers through more intensive communication. These three strategies synergistically strengthen UD. Dian Pertiwi's position amidst increasingly competitive business competition, and open up opportunities for wider business development in the future. By implementing a strategy that is focused and adaptive to change, UD. Dian Pertiwi is able to survive, grow, and continue to compete sustainably in facing the challenges of globalization.

Based on the conclusions obtained, the researcher provides several suggestions to improve the competitiveness of UD. Dian Pertiwi. First, the company is advised to optimize the management of business capital by expanding access to funding so that operations continue to run smoothly. Second, improving the quality of service needs to be continuously carried out through training and implementing better service standards to strengthen customer loyalty. Third, the use of digital technology and marketing innovation must be increased, such as through social media and e-commerce, in order to be able to reach a wider market and adapt to the development of trends in the era of globalization.

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