

Scenario Planning on Increasing the Competitiveness of Food MSMEs in Jambi for The Next Five Years

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ABSTRACT

The target of the food MSME assistance program by the Indonesian FDA is to increase the competitiveness of food MSMEs through product licenses issued by the Indonesian FDA. However, many factors influence and have a significant impact on the ability of food MSMEs to meet registration requirements. The Indonesian FDA, especially in Jambi, needs to develop a strategy for assisting MSMEs in food to quickly adapt to changes in an uncertain future. The strategies are developed using a scenario planning approach. The key focal issue, driving forces, and key uncertainties are identified and analyzed using PESTEL and SWOT analyses, as well as data collection via literature reviews and expert interviews. According to the impact and uncertainty associated with the 13 driving forces, the primary sources of uncertainty regarding the competitiveness of food MSMEs in Jambi are the consistency of government policies and public awareness of food MSMEs' competitiveness. Combining these critical uncertainties results in a two-dimensional matrix containing four plausible scenarios: The Flash, The Dark Knight, Far From Home, and Infinity War. The province of Indonesian FDA in Jambi uses the implications, options, and early warning signals to determine the most appropriate strategy for each scenario. The implementation plan for each scenario for the next five years was developed based on these strategies.

Keywords: Competitiveness, Food MSMEs, Indonesian FDA, Jambi, Scenario planning.

JEL Classification: D78, I18, L32

INTRODUCTION

Micro, small, and medium-sized enterprises (MSMEs) are critical and strategic components of Indonesia's economic growth, accounting for a sizable portion of job creation. At the moment, there are 64.2 million MSME units, 99.62 percent of which are micro enterprises. MSMEs contribute 61.07 percent to GDP and employ 97 percent of the country's workforce (BPS, 2018). This data demonstrates that the number of MSMEs and their capacity to absorb labor are greater than those of large businesses (Hutami & Fachrizah, 2021). MSMEs are business units that are highly resilient and flexible to changes in the strategic environment even though they are relatively small (Bank Indonesia, 2020)

MSMEs operate in a variety of industries, including the processing sector. Since the launch of the economic policy package phase I–XVI on September 9, 2015, the manufacturing sector has grown to become the primary engine of the Indonesian economy. In 2019, the manufacturing sector contributed 19.70% (4.38 million units) to the Indonesian economy and employed 14.96% (9.58 million people) of the country's total workforce. The food industry dominates the micro- and small-business sector, accounting for 36.23 percent of all businesses with 1.59 million establishments and 3.26 million employees. However, the majority of MSME product marketing remains concentrated in a single district or city. Its marketing outside the district/city and province remains relatively small, at 7.57 percent and 2.79 percent, respectively. MSMEs, on the other hand, account for less than 0.50 percent of total exports (Badan Pusat Statistik, 2020).

This is largely because MSMEs lack the necessary qualifications to compete with other products on the market. The inability of MSMEs to adhere to safety standards and requirements, combined with low product quality (product innovation), undoubtedly contributes to food products' low competitiveness in national and regional markets (Octavia, Zulfanetti & Erida, 2017). Thus, increasing MSMEs' competitiveness is critical for them to grow into sustainable businesses on a larger scale (upgrading) and contribute to the independence of the national economy. This is reflected in the Second President's Mission, which advocates for an economically productive, self-sufficient, and competitive structure.

Consistent with the president's mandate, the Indonesian FDA, as a non-departmental government agency, will play the role outlined in the Indonesian FDA's mission for 2020–2024, namely facilitating the acceleration of the drug and food industries through collaboration with MSMEs in order to build a productive and competitive economic structure that will ensure the nation's independence.

Through its food MSME assistance program, the Indonesian FDA contributes to the competitiveness of Indonesian business actors. This program will provide coaching and mentoring in the area of Good Processed Food Production Methods (CPPOB/Cara Produksi Pangan Olahan yang Baik), facilitating clinic e-registration for the purpose of obtaining a Circulation Permit Number (NIE/Nomor Izin Edar).

Numerous driving factors influence and have a significant impact on food MSMEs' ability to comply with CPPOB requirements and the product registration process. As for MSMEs themselves, access to capital, human resources, and supporting facilities are just a few of the barriers that MSMEs in Indonesia face (Fatih & Fachrizah, 2021). The MSME development strategy is based on a logical and comprehensive approach pattern that focuses on enhancing the industrial sector's driving factors (Tamtomo & Qomariyah, 2016). The Indonesian Food and Drug Administration, particularly in

Jambi, needs to understand the impact and uncertainty associated by these driving factors. On this basis, a scenario planning approach was used to develop the strategy, which enabled the Provincial Office of the Indonesian FDA in Jambi to see how these significant and uncertain variables interact over the next five years, conduct an in-depth analysis of the overall picture, and avoid narrow personal bias. The Indonesian FDA Provincial Office in Jambi can create a credible but uncertain future possibility by matching internal resources to the external environment in order to effectively and rationally allocate resources.

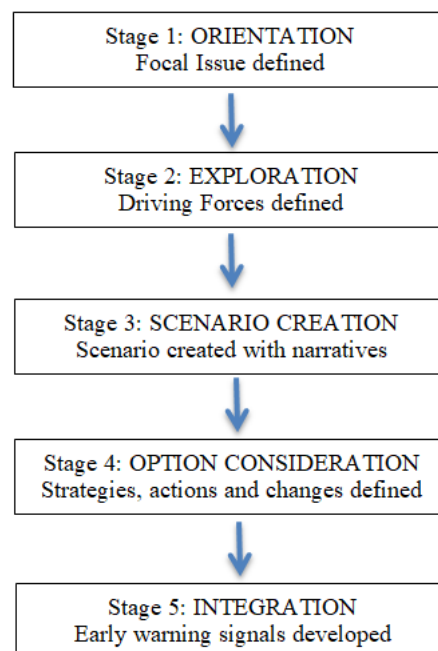
LITERATURE REVIEW

Scenario Planning

Scenario planning is a method of dealing with uncertainty that is distinct from decision analysis (Goodwin, 2014, p.353). It is a process that fosters imaginative, creative thinking with the goal of assisting an organization in better preparing for the future.

Scenario planning has been defined as a technique for practicing the future in order to avoid surprises caused by the illusion of certainty. The objective is to draw a circle around the various possibilities and assess preparedness in light of the various outcomes. Additionally, it can act as a catalyst to nudge the world in the desired direction. (Garvin & Levesque, 2006). According to Garvin & Levesque, scenario planning entails five stages as follows:

Figure1. Scenario planning stages



PESTEL Analysis

By analyzing the external factors affecting the external environment, a business can mitigate threats and seize opportunities. The external environment is made up of all the variables that can impact an organization's ability to maintain a competitive edge. The PESTEL framework enables the firm's macro-environment to be scanned, monitored, and evaluated for changes and trends.

The research examined six factors to ascertain the impact of external forces, namely: political, economic, social-cultural, environmental, technological, and legal. (Rothaermel, 2017).

External factors affecting MSMEs' upgrading include increased access to bank credit, human capital, technology, government policies, innovation, and marketing (Hamdani & Awatara, 2015). The COVID-19 pandemic has resulted in a decline in demand (consumption and purchasing power of the population), which has a knock-on effect on supply, layoffs, and the threat of credit default (Utami, 2021). Economic growth, inflation, and interest rates in Indonesia all have an effect on the growth of MSMEs (Romadhoni, Amril & Emilia, 2020).

SWOT Analysis

The SWOT analysis is a technique for evaluating a business's competitive position by considering four factors: strengths, weaknesses, opportunities, and threats (Sosyal, 2017). The government's attention should be focused on both internal and external factors when it comes to increasing the competitiveness of Indonesian MSMEs (Bank Indonesia, 2016).

RESEARCH METHOD

This research concerns will be investigated further through internal and external research in order to gain a better understanding of the competitiveness of Jambi's food MSME. External analysis will be conducted using PESTEL, while internal analysis will be conducted using SWOT analysis. This research employs the expert model, in which work is performed by a single individual (Lindgren and Bandhold, 2009).

The data collection method was an interview, specifically a semi-structured interview. This is frequently referred to as 'qualitative research interviews'. The interview was inaugurated by discuss of the theme with the experts and then key questions surrounding the current and future challenges, obstacles, opportunities, driving forces and uncertainties of the competitiveness of food MSMEs in Jambi (Saunder & Thornhill, 2019).

RESULTS

Stage 1: Orientation

The following are the identified focal issues as a result of the literature review and expert interviews "how to increase the competitiveness of food MSMEs in Jambi for the next five years?" and "what kind of strategy should Provincial Office of Indonesian FDA Jambi take?"

Stage 2: Exploration

During the exploration stage by expert interview analysis, there are 13 driving forces have been successfully identified. Six categories can be formed on the basis of the identified driving forces: political/legal, economic, social, technological, and environmental

Table 1. The driving forces of the competitiveness of food MSME in Jambi and its category

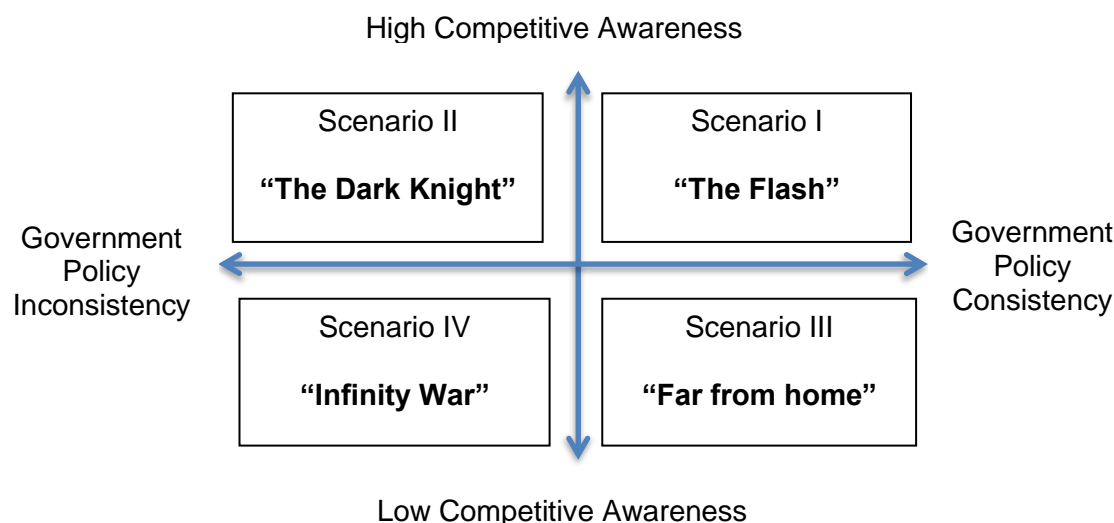
Category	Driving Force
Politik & Legal	Consistency in government policy
	Government simplification and deregulation
Economic	Access to MSMEs' capital
	People's purchasing power
	Economic growth
	Stability of raw material prices
Social Culture	Food MSMEs' competitiveness awareness
	Competence of human resource actors in MSMEs
	Awareness of the application of sanitation and hygiene
	Associations or groups of food MSME's
Technology	Technology development and production innovation
	Technology utilization
Environment	Covid-19 pandemic

When the impact and uncertainty associated with each of the aforementioned driving forces are considered, the critical uncertainties for the competitiveness of food MSME in Jambi are Consistency in government policy and Food MSMEs' competitiveness awareness.

Stage 3: Scenario Creation

The two critical uncertainties, Government Policy Consistency and Competitive Awareness, will serve as the basis for developing four possible scenarios (Figure 1). The first scenario is "The Flash" scenario where Increasing the competitiveness of MSMEs occurs quickly and smoothly as a result of the strong motivation of MSME actors and the consistency of government policies. The second scenario is "The Dark Knight" scenario, where MSME actors are motivated to improve their competitiveness in the global market. It is difficult to avoid changes in government policies that benefit MSME actors in the field. The third scenario is "Far From Home" scenario in which Government policies that are consistent and committed to providing a comfortable home and promoting ease of doing business are at odds with the MSME actors' low awareness of the importance of increasing their competitiveness. The fourth and the most unfavorable scenario is "Infinity War" scenario when the food MSMEs and the government are not connected to each other, the government makes changes to the previous policy, which is an ideal policy for MSMEs but does not actually solve MSME problems. On the other hand, the awareness of food MSME actors to increase competitiveness is still low, with many not realizing the competition they will face in the free market later.

Figure 2. The Matrix of Scenarios of the Competitiveness of Food MSME in Jambi



Stage 4: Option Consideration

Every scenario has implications for the assistance program by the Provincial Office of Indonesian FDA in Jambi in the future. Based on analysis results from the interview insight, internal and external analysis, and literature review, the option was developed to address capability gaps.

"The Flash" Scenario will have implications for the increasing number of potential food MSMEs for upgrade by the Provincial Office of the Indonesian FDA in Jambi. This implication will be followed by an increase in assistance targets, requests for technical training, requests for audits of production facilities, and requests for e-registration coaching clinics. To address the capability gap, the Provincial Office of the Indonesian FDA in Jambi developed several options: setting a priority target for food MSMEs to be intervened on according to the annual target, optimizing technical training and coaching clinic e-registration, and recruiting more food facilitators.

The "Dark Knight" scenario has almost the same implications as "The Flash" scenario, but the e-registration process will be hampered due to new policy adjustments. Therefore, choosing to synergize with the Integrated Business Service Center in helping food MSMEs adopt government deregulation is very necessary, in addition to streamlining the e-registration process for technical training and coaching clinics.

The "Far From Home" scenario will have implications for the minimum number of food MSMEs that meet the criteria for upgrading. The target of the Provincial Office of the Indonesian FDA in the Jambi assistance program in Jambi will be difficult to achieve due to the low commitment of food SMEs to implementing the results of technical training, delays in meeting the requirements for production facilities, and the fact that it takes longer. To overcome this, the necessary option is to synergize with related agencies that have fostered business groups on setting priorities for food MSMEs to be intervened upon in accordance with predetermined criteria. Relevant agencies include the Department of Industry and Trade, the Office of Cooperatives and Small and Medium Enterprises through the Integrated Business Service Center, and the Health Office. The assistance program needs to take a technical and business approach to ensure that the food MSME understands the benefits and importance of increasing competitiveness by maximizing facilitation in the field.

The worst scenario, the "Infinity War" scenario, also has implications for the minimal number of food MSMEs that meet the criteria for upgrading, the low commitment of food MSMEs in implementing technical training results, delays in fulfilling production facility requirements, and finally, the slow e-registration process. The options built to overcome these implications are in the form of grouping the MSMEs that will be intervened into clusters according to their capacity and most involving all related agencies that have fostered business groups. Option on maximizing facilitation in the field with a technical and business approach to increase awareness of food MSMEs in the competitiveness of their products is become priority too because most food MSME's actors do not have entrepreneur mindset.

Stage 5: Integration

Early warning signals may indicate possible future directions and the likelihood of the emergence of one scenario over others. These signals are described in Table 2.

Table 2. Early Warning Signals

Indicators	Measurement	Signpost			
		The Flash	The Dark Knight	Far From Home	Infinity War
Government Policy	Ministry of Investment/Investment Coordination Agency Policy	ease to business	Not ease to business	ease to business	Not ease to business
	Indonesian FDA Policy	Not significant changes	Significant changes	Not significant	Significant changes
Competitive awareness	The number of food MSMEs that have registered home industry food (PIRT)	Increasing	Increasing	Stagnant or decreasing	Stagnant or decreasing
	The number of food production facilities (PIRT registration) that meet the Home Industry Food Production Method (CPP-IRT)	Increasing	Increasing	Stagnant or decreasing	Stagnant or decreasing

DISCUSSION

A scenario planning approach enables the Provincial Office of the Indonesian FDA in Jambi to manage an uncertain future and quickly adapt to changes or critical situations that may arise. According to the analysis above, there are 13 significant driving factors that contribute to the competitiveness of food SMEs in Jambi. According to expert interviews, two driving factors have a high degree of uncertainty, referred to as key uncertainties. The government's policy consistency is the first significant source of uncertainty. Each policy change necessitates an adjustment to the application system. This requires additional effort on the part of not only MSME actors, but also officers who serve a single customer at a time, particularly microbusiness actors. Over the last three years, there have been three changes to licensing policies and applications for various systems. The second critical uncertainty is competitive awareness. Some of Jambi's food MSMEs continues to compete at the local level, where they are frequently satisfied with the products produced today because they believe the products are the best and have not experienced the true competitive climate in the global market, so they lack the desire to improve product quality and legalize business/products.

Four scenarios are developed by combining the two major uncertainties. Food MSME development has accelerated significantly under "The Flash" scenario, in which the food MSME assistance program is capable of increasing the competitiveness of MSME products on a consistent and sustainable basis in the global market. While inconsistency in government policies can eventually erode MSME actors' confidence in the government's willingness to address MSME issues on the ground, as depicted in "The Dark Knight" scenario. Food production increases in the "Far From Home" Scenario. MSMEs frequently stagnate or even decline as a result of their inability to compete with products manufactured outside of Jambi. Inconsistency in government policy and a lack of competitive awareness in the "Infinity War" scenario create the most difficult situation for food MSMEs in Jambi to increase their competitiveness. Food MSMEs may resist government policies, resulting in an increase in the number of unqualified and dangerous products available to consumers. By comprehending these four future scenarios, the Provincial Office of the Indonesian FDA in the Jambi can implement the assistance program with four distinct strategies for meeting the annual target.

CONCLUSION

The focal issue this research is to how to increase the competitiveness of food MSMEs in Jambi for the next five years. Scenario planning is a technique for dealing with the uncertainty of the future. Two critical uncertainties, namely the government's policy consistency and competitive awareness, were identified and then incorporated into four plausible scenarios: The Flash (Consistent Government Policy–High Competitive Awareness), The Dark Knight (Inconsistent Government Policy–High Competitive Awareness), Far From Home (Consistent Government Policy–Low Competitive Awareness), and Infinity War (Inconsistent Government Policy–Low Competitive Awareness). Additionally, the research develops early warning signals and indicators that differentiate one scenario from another. The Provincial Office of the Indonesian FDA in the Jambi could gain knowledge of the uncertain future and its implications through scenario planning, which necessitated a thorough strategic planning process for future opportunities and threats.

LIMITATION

This research, conducted by the Provincial Office of the Indonesian FDA in Jambi, focuses on increasing the competitiveness of food MSMEs.

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DECLARATION OF CONFLICTING INTERESTS

The authors assert that no conflict of interest exists.

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