

PROCEEDING

IC 2018 MS

**The 4th International Conference on Management Sciences
Universitas Muhammadiyah Yogyakarta, Indonesia**

“Disruptive Innovation in Modern Business Era”

held in UMY, Indonesia, on March 28, 2018

Department of Management

FACULTY OF ECONOMICS AND BUSINESS
Universitas Muhammadiyah Yogyakarta

in collaboration with:
Universiti Sains Islam, Malaysia
Tamkang University, Taiwan
Khon Kaen University, Thailand



**The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)**

March 28 2018

Universitas Muhammadiyah Yogyakarta, Indonesia

Chair Person

Dr. Indah Fatmawati, S.E., M.Si

Keynote Speakers:

1. Prof. Shu Hsein Liao, Ph.D (Tamkang University, Taiwan)
2. Dr. Kawpong Polyorat (Khon Khaen University, Thailand)
3. Dr. Syadiyah Abdul Shukor (Universiti Sains Islam Malaysia)
4. Punang Amaripuja, S.E., S.T., M.IT. (Universitas Muhammadiyah Yogyakarta)

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2. Dr. Retno Widowati PA, M.Si. (Universitas Muhammadiyah Yogyakarta)
3. Dr. Indah Fatmawati S.E., M.Si. (Universitas Muhammadiyah Yogyakarta)
4. Dr. Arni Surwanti, M.Si. (Universitas Muhammadiyah Yogyakarta)
5. Ika Nurul Qamari, S.E., M.Si. (Universitas Muhammadiyah Yogyakarta)

Chairs of Parallel Session:

- ROOM A** : Dr. Indah Fatmawati S.E., M.Si.
ROOM B : Retno Widowati PA, M.Si., Ph.D
ROOM C : Ika Nurul Qamari, S.E., M.Si.
ROOM D : Prof. Dr. Heru Kurnianto Tjahjono, M.M.
ROOM E : Dr. Arni Surwanti, M.Si.

Preface ICoMS 2018
The 4rd International Conference on Management Sciences 2018
(ICoMS 2018)
March 28 2018
Universitas Muhammadiyah Yogyakarta, Indonesia

Dear Presenters and Delegates,

Department of Management, Economics Faculty, University of Muhammadiyah Yogyakarta, in collaboration with the Tamkang University Taiwan, Khon Kaen University Thailand, USIM Malaysia, organized an International Conference which will be held on March 28 2018.

We are proud to know that there is a thick manuscript submissions came to our table for this conference. In detail, there are 42 international academic manuscripts which we received from Indonesia, Malaysia, Thailand. And in this conference we choose **Disruptive Innovation in Modern Business Era** as the main theme.

Our international conference is a manifestation of the Government of Indonesia through the Directorate General of Higher Education, which has encouraged the internationalization of research and teaching in order to foster high-caliber academic institutions globally and increase competitiveness in International Higher Education.

We are very confident that our presenters and delegates will get a lot of ideas together and experience of this conference. In addition, our participants will enjoy additional insight from our plenary session keynote speakers, namely, Prof.Dr.Shu-Hsien Liao from Tamkang University Taiwan, Dr. Kawpong Polyorat from Khon Kaen University Thailand, Prof. Dr. Syadiyah Abdul Shukor from USIM Malaysia, and Punang Amaripuja, S.E., S.T., M.IT. from Universitas Muhammadiyah Yogyakarta.

Through this conference, we are committed to promote and improve our mission and academic culture synthesize global progress with local knowledge. Therefore, it is my great honour to welcome you to ICoMS 2018 in great cultural city of Yogyakarta, Indonesia. I look forward to seeing you soon in the conference.

Best wishes,

Dr. Indah Fatmawati

Chair of ICoMS 2018

<http://icoms.umy.ac.id/call-for-papers>

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Small and Medium Enterprises (SMEs) Community Strategy to Increase Consumer Interest of Handycraft Products at Tanggulangin Sidoarjo

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ABSTRACT

SMEs include business units that provide the largest contribution in Sidoarjo both in terms of regional income and labor. Competitive strategy needs to be done in order to increase consumer appeal when visiting Tanggulangin to enjoy the unique handicraft products of Tanggulangin Sidoarjo. The purpose of this study are (1) To know competitive strategies undertaken by SMEs in Tanggulangin Sidoarjo (2) Knowing barriers to obstacles in the face of competition. This research uses descriptive qualitative approach. Technique of collecting survey data, interview and documentation and Focus Group Discussion FGD, while Method of analysis using Data Triangulation and Milles Hebermand method (data collection, data reduction, data display and conclusion). The result of this research is the effort developed by SMEs actors in Tanggulangin divided into two namely; (1) Main Business, Exhibition of products and handicrafts typical of Tanggulangin, (2) Supporting supporters, such as place of bird contest, swimming pool, culinary tour, cangkru'an community, live music and watching together. The main obstacle in the tourism market is actually the dispersion of the store that displays the results of SMEs Tanggulangin, lonely consumers if there are no events on Wednesday, Saturday and Sunday.

Keywords: Competitive Strategy, Consumer Interest, Handycraft product, SMEs

1. Introduction

In Indonesia, UMKM has become the center of the economy, since it has contributed 60% of Gross Domestic Product (GDP) and absorbs 97% of the workforce. Along with the development of MSMEs that increase, the level of business competition is also getting tighter. To win this competition, SMEs are expected to have a competitive strategy that can survive and win the competition. In Sidoarjo, there are 171,264 MSMEs in Sidoarjo as a supporter of economic growth in Sidoarjo, among them, 95% are micro businesses.

In applying competitive strategies there are three things to use, whether the strategy is competing with cost advantage, product differentiation or focus on a particular

market segment. Competitive strategy is an approach where companies intensively win every business, which includes a market-wide maximization strategy, a growth strategy that guarantees future company growth, market differentiation strategy/market gap by creating company/product image to potential customers, product differentiation/product gap strategy with the development of different product appearances from competing products.

Kota Tanggulangin-Sidoarjo is a community of SMEs which presents handicraft products of handbags and wallets combined with various culinary products as well as entertainment stage of the people. This unique competitive strategy began to be presented in front of consumers around 2017, which originally only sell handicraft products bags and purses only. As a result, every day

more and more consumers who come to the city-Tanggulangin Sidoarjo.

The lack of research on the development of competing strategies of SMEs, the researchers formulate problems in this study are:

1. Is there any influence on the development of competitive strategy (cost advantage, differentiation, focus) of the city to win the competition of SMEs in Sidoarjo? 2. What are the appropriate constraints and strategies in Tanggulangin-Sidoarjo city?

Benefits of research, The increase of MSMEs in Tanggulangin is divided into 3 areas: Permata, Pasar Wisata and Intako. The development of competitive strategy (cost advantage, differentiation, focus) of the tourism market in order to win the competition SMEs in Sidoarjo. The existence of new tourist attractions that can be visited by tourists both domestic and foreign.

2. Literature review

Competitive strategy (cost advantage, differentiation, focus)

Porter (1980) suggests there are 3 types of competitive strategies that can be used in winning the competition, namely:

- a. Cost Leadership: excellence in costs reflected in production scale, and decreased cost per unit.
- b. Differentiation: creating a product that is unique or different from a rival, the uniqueness can be created from the design, appearance, packaging or function of the product over competing products.
- c. Focus Strategy is by specializing services to a certain market share that is considered feasible so that managed to gain profits without having to deal with the market leader.

MSMEs

Micro, Small and Medium Enterprises (SMEs) are stand-alone productive economic enterprises, which are carried out by individuals or business entities that are not subsidiaries or non-owned subsidiaries owned, controlled, or become part of, directly or indirectly, of medium- big business. Medium Business is a stand-alone productive economic enterprise, conducted by an individual or business entity which is not a subsidiary or a branch of a company owned, controlled, or becomes part directly or indirectly with a Small Business or a large business with a net worth or annual sales results.

3. Methodology and Measurement

This study is an action research that takes 3 months. In this research method conveys in detail, covering the outline of research approaches, methods and procedures of data collection, analysis and induction that will be used to achieve research objectives. The research activity is conducted by qualitative interpretive approach. To obtain research results in accordance with the expectations of researchers, the activities undertaken are to collect additional data needed, literature review, and use focus group discussions (FGD). FGD participants are MSMEs Business Owners in Tourism Market, Permata, Intako, Salesperson, Consumer, and Observer of UMKM in Sidoarjo. This research was conducted at UMKM in Permata, Tourism Market, Intako Tanggulangin-Sidoarjo. Sample used in this research is to use purposive sampling technique.

4. Conclusion

1. Implementation of competitive strategy (cost advantage, differentiation, focus) of the city to win the competition UMKM in Sidoarjo

The results of the analysis undertaken by the researchers obtained data as follows: the

business developed by the perpetrators of UMKM in Tanggulangin divided into two namely:

- a. Main Business, Exhibition of products and handicrafts typical of Tanggulangin
- b. Binis supporters, in the form of gantang bird "Gantangan Permata, Gantangan Angkasa Community", culinary tour, community cangkru'an, live music and watching together.

In running a business unit, SMEs are required to always excel in business competition, SMEs should apply a good competitive strategy despite the limitations of MSME itself, both in the form of capital and business scale. Porter (1980) suggests there are 3 types of competitive strategies that can be used in winning the competition, namely:

- a. Cost Leadership: the advantages in costs reflected in the scale of production, thus creating efficiency and decreasing cost per unit. The production cost is very low compared to similar SME actors helped the price of the product so that the buyers tend to glance at the exhibition craft bag and various accessories in the city Tanggulangin.
- b. Differentiation: by creating products that are unique or different from rivals, they can be created from the design, appearance, packing or function of the product over rival products. The perpetrators of MSMEs continue to expand the marketing network and make a massive overhaul of the city's marketing tanggulangin by branding view there is a bird's hunting event. The event of a space bird challenge is in great demand by bird enthusiasts in the city of Sidoarjo
- d. Focus Strategy is to specialize services for certain market segments that are

considered feasible Focus strategies conducted by SMEs in the tourism market tanggulangin are:

- Branding: Slogan refresh your day with Tanggulangin
- View market consists of culinary tourism in the evening and Sunday morning; community cangkru'an everyday by presenting a variety of dishes in the food court of Tanggulangin tourist market, Live Music and watch together on every Saturday and Sunday.
- A place of bird contest community that is the main attraction every day Wednesday and Saturday in the evening open to the public, the bird lovers in Sidoarjo.

2. Obstacles and strategies Competitive Advantages Tanggulangin Tourism Market, among others:

- a. The main obstacle in the tourist market is actually a separate layout and lonely consumers if there are no events on Wednesday, Saturday and Sunday.
- b. The strategy that continues to be applied is promotion to social media for consumer networking, packing events with interesting events and aims to bring consumers and prospective consumers in terms of, cangkruk'an, live music, watching together or gantang bird.

5. Conclusion

The main obstacle in the tourist market is actually a separate layout and lonely consumers if there are no events on Wednesday, Saturday and Sunday. The strategy that continues to be applied is promotion to social media for consumer networking, packing events with interesting

events and aims to bring consumers and prospective consumers in terms of, cangkruk'an, live music, watching together or gantang bird.

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