

Regional Economic Potential in The Development of Leading MSMEs in Asahan Regency

Lucky Satria Pratama¹, Hasan Basri Tarmizi², Raina Linda Sari³, Irsad Lubis⁴
{luckysatriapratama27@gmail.com¹}

Universitas Sumatera Utara^{1,2,3,4}

Abstract. Asahan Regency has three leading sectors, namely the fishery forestry agriculture sector, the processing industry sector and other service sectors. The fisheries forestry agriculture sector has an average LQ of 1.70 consistently in the last 5 years. The processing industry sector has an LQ greater than one, which is an average of 5 years, which is 1.12. The other services sector has an average LQ of 1.03% in the last 5 years. As for the other 14 sectors, the average LQ yield is smaller than 1 in the last 5 years, which means that the Asahan Regency area imports from outside the region.

Keywords: Location Quotient; Economic Base; Regional Development

1. Introduction

Micro, Small and Medium Enterprises (MSMEs) play a very large role in advancing the Indonesian economy. Aside from being an alternative for new jobs, MSMEs also play a role in driving the rate of economic growth after the 1997 monetary crisis when large companies experienced difficulties in developing their businesses [1], [2]. At present, MSMEs have contributed greatly to regional income and to Indonesia's state revenue. In addition, MSMEs have contributed greatly to regional income and Indonesia's state revenue. Small and Medium Enterprises (MSMEs) have a significant role in national economic development, this can be seen from their contribution to Indonesia's Gross Domestic Product (GDP), which continues to increase every year.

Table 1. Development of GDP Income from MSMEs and Large Enterprises 2015-2019

Indicator	Unit	2015	2016	2017	2018	2019
		Amount	Amount	Amount	Amount	Amount
Micro, Small and Medium Enterprises (MSMEs)	billion	1,655,430	5,171,063	5,425,414	5,721,148	7,034,146
– Micro business (UM)	billion	848,985	2,736,613	2,856,607	2,927,890	3,701,368
– Small Business (UK)	billion	395,426	1,123,131	1,191,871	1,355,705	1,536,961
– Medium Enterprises (UM)	billion	411,019	1,311,318	1,376,935	1,437,551	1,795,817
Large Business (UB)	billion	1,211,008	3,874,675	4,078,734	4,274,157	5,275,758

Seeing the conditions mentioned, the efforts that can be made are the Asahan Regency Government making programs to develop MSME businesses, one of which is by developing the quality of human resources, equitable development, and facilitating supporting infrastructure such as capital issues, business mentoring, and developing business networks [3], [4].

This study aims to identify and analyse the types of superior MSME products and commodities, the absorption of MSME workers and efforts to develop superior MSME types in Asahan Regency from 25 sub-districts.

The data analysis method used is the SWOT analysis method, descriptive analysis method and location quotient (LQ) analysis method. The data used is secondary data from Asahan in Figures 2020 and data from the Ministry of Cooperatives and SMEs. The targeted outputs in this study were the publication of a scientific article in a non-accredited national journal and proceedings at a national seminar as well as draft textbooks. TKT in this study prepared the MSME strategy and a qualitative approach to the SWOT matrix.

However, in its development, MSMEs have limitations in various ways, including limitations in accessing market information, limited market reach, limited work networks, and limited access to strategic business locations. For this reason, efforts are needed to increase MSME access to market information, business locations and business networks so that their productivity and competitiveness increase. Especially for MSMEs in Asahan Regency, the progress is very worrying. Development in Asahan District, which used to be intense in the industrial sector, has now shifted to the trade and service sector. This of course threatens the existence of MSMEs. The following is data regarding the development of the number of MSMEs in Asahan Regency in 2016-2018.

Based on this background, it is necessary to conduct a study to find out the types of MSMEs that have the potential to be developed, including the types of products and the forms of supporting policies carried out by the Asahan Regency government. This study is needed to answer the following problems:

1. What types of MSME products and commodities are potential and need to be developed in Asahan Regency?
2. What is the rate of absorption of MSME workers in Asahan Regency?
3. What efforts should be made to develop these types of MSMEs and superior products?

In addition, this research also aims to:

1. Analyze what types of MSME products and commodities are potential and need to be developed in Asahan Regency.
2. Analyze the absorption rate of MSME workers in Asahan District.
3. Analyze the efforts that must be made to develop these types of MSMEs and superior products.

Some of the benefits to be obtained from this study include:

1. Provide recommendations to policy makers in Asahan Regency regarding matters related to the development of MSMEs.
2. Be a comparative study material for similar research.

2 Literature Review

2.1 Previous Research

Location quotient (LQ) analysis, overlay analysis, growth ratio model analysis and analysis of the GDP contribution ratio of the labor absorption sector state that potential sectors in many Regency include the industrial sector processing, electricity and gas procurement sector, water supply sector, waste processing, waste and recycling construction sector, information and communication sector, financial and insurance services sector, real estate sector, and corporate services sector [5], [6].

Another reserach on Regional Economic Potential in the Development of Leading SMEs in Semarang Regency [7], [8]. SWOT analysis and quotient analysis (LQ) stated that there were 3 leading sectors in Semarang Regency, namely the manufacturing sector (1,327), the trade, hotel and restaurant sector (1,034) and the electricity, gas and water sector (1,006).

The strategy for Development of Micro, Small and Medium Enterprises (MSMEs) to Improve the Economy of Village Communities in Nembol Village, Mandalawangi District, Pandeglang Regency, Banten. The SWOT analysis states that the MSME development strategy in Nembol Village, Mandalawangi District, Pandeglang Regency, is the SO (Growth) Strategy. The SO strategy is a strategy that utilizes existing strengths to increase its competitive advantage. Through the SO (Growth) strategy.

2.2 Regional Economic Development

Economic development is a process by which the per capita income of the population can increase and this reflects an improvement in the economic well-being of the community. Economic development is seen as a dimensional process of various fundamental changes to social structure, attitudes of society and national institutions, while continuing to pursue accelerated economic growth, handling income inequality and poverty alleviation [9], [10], [11].

2.3 Area Development

Emphasis on dependence on market mechanisms that occur in the regional development process. This theory assumes that each region always has counter-strength (potential belonging to one region) which can overcome disparities between regions to a state of equilibrium (balanced) so that no intervention from the government is required [12], [13]. Equilibrium is affected by investment (investment from rich areas to poor areas) and labor (labor from poor areas to rich areas).

2.4 Small business

According to Law Number 20 of 2008, it is a productive economic enterprise that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branches of companies that are owned, controlled, or become part of either directly or indirectly from medium-sized businesses or large businesses that have net assets of more than IDR 50,000,000.00 (fifty million rupiah) up to a maximum of IDR 500,000,000.00 (five hundred million rupiah) excluding land and buildings for business premises; or have annual sales proceeds of more than IDR 300,000,000.00 (three hundred million rupiahs) up to a maximum of IDR 2,500,000,000.00 (two billion five hundred million rupiahs).

2.5 Medium Business

The definition of Medium Enterprises according to the Central Statistics Agency is a business that has a workforce of between 20 and 99 people. Whereas Medium Enterprises as referred to in Presidential Instruction No.10 of 1998 are productive businesses that meet the criteria for net business assets greater than Rp. 200,000,000.00 (two hundred million rupiahs) up to a maximum of Rp. 10,000,000,000.00 (ten billion rupiah) excluding land and buildings for business premises and can receive credit from a bank of Rp. 500,000,000.00 (five hundred million rupiah) to Rp. 5,000,000,000.00 (five billion rupiah).

2.6 Economic Basis Theory

Economic basis theory consists of two sectors of activity, namely the economic base sector and the non-economic basis sector. The base sector is a sector that has great potential in determining overall development in the region, while the non-base sector is a supporting sector in this overall development. Base activities are activities that are oriented towards the export of goods and services outside the boundaries of the economic area concerned because this sector has met the needs of the region. Non-base activities are activities that provide goods and services needed by people who are within the boundaries of the economic area concerned without exporting outside the region because the sector's ability to meet local needs is still limited.

2.7 Industrial Sector Relations in Regional Development

That industrial activity is one of the important factors in the mechanism of regional development and growth. This is due to the multiplier effect and innovation generated by industrial activities that interact with the potentials and constraints of the region. A Russian economic expert (Rostow), also said that the take-off stage in economic development is marked by rapid growth in one or several industrial sectors (Rostow in Jhingan, 1990). The relationship between industry and region varies between regions. First, there is a link with the environment, increasing employment opportunities, the need for raw materials, natural and human resources, as well as a comparison of national and international advantages in their use in various industries.

2.8 Current General Conditions of MSMEs in Indonesia

The growing role of micro, small and medium enterprises (MSMEs) is shown by the number of business units and entrepreneurs, as well as their contribution to national income and employment opportunities. In 2015-2019, the percentage of MSMEs was 99.99 percent of all business units. And the percentage of growth in the number of MSME business units in 2015-2019 was 10.01 percent or 309,444,039 for Micro Enterprises (UMI), Small Enterprises (UK) which consisted of 3,751,470 business units or 16.26 percent and the number of Medium Enterprises was 300,608 business units or 19.64 percent. Meanwhile, the development of Large Enterprises for the 2015-2019 period was only 12.58 percent or 27,004 units of Large Enterprises. For more details, see Figure 2.1. following:



Fig 1. Development of MSME and Large Enterprises in 2015-2019

MSMEs have absorbed more than 121 million workers or 96.94 percent of the total workforce in 2015-2019 which is estimated to have exceeded 315 million business units. This number of workers increased by an average of 14.76 percent per year from the 2015-2019 position. The contribution of MSMEs to GDP at constant prices in 2015 amounted to 57.75 percent of the total national GDP, in 2016 it became 57.17 percent, then in 2017 it became 57.08 percent and at the end of 2018 it became 57.24 percent, and at the end of 2019 it was 57.14 percent. If you look at the trend, the contribution of MSMEs to GDP has indeed decreased, but the numbers are still dominant.

3 Research Methods

3.1 Place and Time of Research

This research took place in Asahan District. Selection of research locations to determine the types and products that have the potential to be developed by SMEs in Asahan District

3.2 Data and Data Sources

The data used is secondary data consisting of Asahan Regency GDP data for 2015-2019, data on the number of MSMEs, data on the regional potential of Asahan Regency and data from portraits of MSMEs in Asahan Regency

3.3 Research Analysis Matrix

Table 2. Research Analysis Matrix

No	Research purposes	Analysis	Data Source	External
1	Analyze what types of MSME products and commodities are potential and need to be developed in Asahan Regency	LQ analysis	GDP of Asahan Regency in 2015-2016, data on the number of MSMEs, data on the potential of the Asahan Regency	Type of potential business
2	Analyze the absorption rate of MSME workers in Asahan District	Descriptive Analysis	RPJMD/RPJPD Data for Asahan Regency	The shape of the energy absorption ratework MSME sector
3	Analyze the efforts that must be made to develop	SWOT analysis	RPJMD/RPJPD Data for Asahan Regency	Form of strength (Strength) and Weaknesses.

Source: Asahan in Figures 2020, Ministry of Cooperation, Small and Medium Enterprises

3.4 Models and Analysis Tools

Location Quotient (LQ) Analysis

This technique is used to identify the internal potential of a region, namely which sectors are the base sector and which are not the base sector. The LQ formulation is mathematically as follows:

$$LQ = \frac{S_i}{S} \frac{N}{N_i}$$

Information:

- LQ = Location Quotient value
- S_i = GRDP Sectoral in Asahan District
- S = Total GRDP in Asahan District
- N_i = GDRP Sectoral in North Sumatra Province
- N = Total GRDP in North Sumatra Province

The assumptions used are:

1. If the LQ_i value > 1 , this indicates concentration an activity in the i-th sub region relatively
2. If the LQ_i value = 1, then the i-th sub-region has a share activity equals share of total.
3. If $LQ_i < 1$, then the i-th sub-region has a relative share smaller

SWOT analysis

SWOT analysis is used as a basis for determining strategies to determine strengths and weaknesses as well as challenges and opportunities that will be faced by MSMEs. SWOT analysis is an analysis of the internal and external conditions of an organization which will then be used as a basis for designing strategies and work programs [14], [15]. Internal analysis includes an assessment of strengths and weaknesses. Meanwhile, external analysis includes opportunities and challenges (Threat).

SWOT Matrix Qualitative Approach

SWOT is an acronym for strengths, weaknesses, opportunities and threats. This approach tries to balance the internal strengths and weaknesses of the organization with the opportunities and threats of the organization's external environment.

Table 3. SWOT Analysis Matrix

	External	Opportunity (O)	Threats (T)
Internal Strength (S)		Comparative advantage (SO)	Mobilization (ST)
Weakness (W)		Divestments/investments (WO)	Damage control (WT)

4 Results and Discussion

4.1 General Condition of Asahan District

Employment

The total workforce in Asahan Regency in August 2021 was 340,015 people, an increase of 22,221 people compared to August 2020. In line with the increase in the number of labor force, the Labor Force Participation Rate (TPAK) also increased by 3.4 percent. The August 2021 Open Unemployment Rate (TPT) was 6.39 percent, down 0.85 percent compared to August 2020. The working population was 318,285 people, an increase of 23,490 people from August 2020, where based on the August 2021 *Sakernas* results, three jobs were absorbing energy, namely Agriculture by 34.08 percent, Industry (consisting of the mining, industrial, electricity, gas and water, and construction sectors) by 18.34 percent; Trade and Services (consisting of trade, transportation, finance, community services and other services) of 47.58 percent.

There are 28,448 people (5.27 percent of the working age population) affected by COVID-19. Consisting of the unemployed due to COVID-19 (3,012 people), Non-Labor Force (BAK) due to COVID-19 (2,394 people), temporarily unemployed due to COVID-19 (1,287 people), and working residents who have experienced reduced working hours due to COVID-19 (21,755 people).

Poverty

The poverty rate for Asahan Regency has increased from 9.04 percent in March 2020 to 9.35 percent in March 2021. This figure is equivalent to the number of poor people who are in the range of 69.29 thousand people in March 2021, or an increase of around 2.97 thousand people in the past year, from 66.32 thousand people in March 2020. During March 2020 - March 2021, the poverty line (GK) increased by 7.53 percent, namely from IDR 351,314 per capita per month in March 2020 to IDR 377,752,- per capita per month in March 2021. The Poverty Depth Index (P1) and Poverty Severity Index (P2) also showed increases. P1 increased from 1.37 in 2020 to 1.90 in 2021 and P2 increased from 0.33 in 2020 to 0.59 in 2021.

Economic growth

Asahan Regency's Economy in 2021 Grows by 3.73 Percent Asahan's economy in 2021 grows by 3.73 percent. Experiencing an increase compared to 2020 which grew by 0.21 percent. Based on the production approach, the highest growth was achieved by the Information and Communication Business Field at 7.22 percent, followed by the Agriculture, Forestry and Fishery Business Field at 5.77 percent, and the Electricity and Gas Procurement Business Field at 4.64 percent. ,, Three Business Fields that give a dominant role to the GRDP of Asahan Regency in 2021, namely: Agriculture, Forestry and Fisheries Business Fields of 37.91 percent; Processing Industry Business Field of 23.05 percent; as well as Wholesale and Retail Trading Business Fields; Car and Motorcycle Repairs by 19.47 percent. ,, When viewed from the expenditure approach, the growth for the Component of Gross Fixed Capital Formation was 4.28 percent, followed by the Component of Household Consumption Expenditure of 2.47 percent. Meanwhile, the LNPRT Consumption Component contracted by 1.36 percent and the Government Consumption Component contracted by 0.14 percent. Based on the expenditure side, the household consumption expenditure component (PKRT) made the largest contribution, namely 51.60 percent; followed by the Gross Fixed Capital Formation Component of 27.14 percent; and Net Export Component of 13.44 percent. Nominally, the PDRB of Asahan Regency in 2021 at current prices reaches IDR 41,994.24 billion and the GRDP of Asahan Regency in 2021 at constant prices reaches IDR 27,279.59 billion.

Table 4. GRDP of Asahan Regency at Constant 2010 Prices by Business Field (billions of Rupiah)

Business field	2017	2018	2019	2020	2021
Agriculture, Forestry & Fisheries	9957.32	10558.75	11169.16	11365.53	12021.76
Mining & Quarrying	47.11	50.03	52.97	52.37	53.77
Processing industry	4958.87	5155.37	5361.63	5401.35	5512.64
Electricity & Gas Procurement	22.96	23.92	24.76	26.05	27.25
Water Procurement, Waste Management, Waste & Recycling	13.27	13.47	14.31	14.81	15.18
Construction	1489.21	1570.83	1667.39	1568.04	1619.57
Wholesale & Retail, Auto & Motorcycle Repair	4013.88	4281.48	4576.02	4525.59	4656.70
Transportation & Warehousing	816.16	854.50	912.71	874.39	873.31
Provision of Accommodation & Food and Drink	194.89	207.02	220.81	207.96	208.15
Information & Communication	117.01	125.30	135.41	146.72	157.32
Financial Services & Insurance	339.47	352.07	362.76	364.13	371.94
Real Estate	379.68	402.83	424.30	435.11	436.44
Company Services	9.65	10.15	10.67	10.52	10.53
Government Administration, Defense & Compulsory Social Security	701.47	744.73	791.26	788.17	786.67
Education Services	197.71	210.17	218.94	220.98	229.48
Health Services and Social Activities	143.00	151.81	159.42	159.04	157.12
Other Services	123.67	132.43	142.74	138.81	141.78
GRDP of Asahan Regency	23525.35	24844.87	26245.24	26299.57	27279.59

4.2 Location Quotient (LQ) Analysis

This analysis is used to find out which economic sectors are included in the basic sector (basic economy) or have the potential to export and which are not the base sector (non-basic sector). If the calculation results show a number of more than one ($LQ > 1$) it means the sector is the base sector. Conversely, if the results show a number less than one ($LQ < 1$) it means that the sector is not a base sector. The results of the Asahan Regency LQ calculation for the last 5 years (2017 – 2021) in full can be seen as follows:

Table 5. Results of Asahan Regency Location Quotient (LQ) Index Analysis 2017 – 2021

Business field	2017	2018	2019	2020	2021	Average
Agriculture, Forestry & Fisheries	1.7012	1.7131	1.7169	1.6920	1.7044	1.705
Mining & Quarrying	0.1516	0.1520	0.1537	0.1532	0.1527	0.153
Processing industry	1.1077	1.1063	1.1320	1.1353	1.1301	1.122
Electricity & Gas Procurement	0.7027	0.7107	0.6984	0.7031	0.6934	0.702
Water Procurement, Waste Management, Waste & Recycling	0.5779	0.5678	0.5698	0.5610	0.5489	0.565
Construction	0.5045	0.5026	0.4952	0.4761	0.4760	0.491
Wholesale & Retail, Auto & Motorcycle Repair	0.9736	0.9747	0.9704	0.9656	0.9485	0.967
Transportation & Warehousing	0.7366	0.7236	0.7276	0.7889	0.8088	0.757
Provision of Accommodation & Food and Drink	0.3579	0.3522	0.3436	0.3521	0.3515	0.351
Information & Communication	0.1875	0.1844	0.1810	0.1824	0.1816	0.183
Financial Services & Insurance	0.4818	0.4892	0.4926	0.4819	0.4661	0.482
Real Estate	0.3812	0.3824	0.3826	0.3814	0.3692	0.379
Company Services	0.0458	0.0448	0.0443	0.0452	0.0449	0.045
Government Administration, Defense & Compulsory Social Security	0.9401	0.9368	0.9170	0.8984	0.8690	0.912
Education Services	0.4179	0.4163	0.4120	0.4043	0.4030	0.411
Health Services and Social Activities	0.6305	0.6295	0.6293	0.6355	0.6193	0.629
Other Services	1.0267	1.0337	1.0441	1.0413	1.0373	1.037

Based on Table 4.2 above, it is possible to identify sectors which are basic sectors and non-base sectors. Asahan Regency has three base sectors, the base sectors are agriculture, forestry and fisheries with an average LQ index of 1.705 so that this sector is the basis sector with the largest average index among business fields. The manufacturing industry sector is the second largest base sector with an average LQ index of 1.122; and the third sector, namely other service sectors, which has an average value of 1.037. This shows that the three sectors are the base sector. The base sector is the sectors that export goods and services to places outside the economic area of the community concerned for their input of goods and services to the community.

The basic sectors in Asahan Regency illustrate that this sector has quite good economic strength and is very influential in increasing economic growth in the Asahan Regency area. On the basis of the above understanding, this sector is a potential sector because this sector has been able to meet the needs in its region and even has the potential to export to other regions. There are 14 sectors which are non-base sectors during the 2017-2021 period, namely the mining and quarrying sector with an average LQ of 0.153; electricity and gas procurement sector with an average LQ of 0.702; the water supply, waste management, waste & recycling sector with an average LQ of 0.565; construction sector with an average LQ of 0.491; wholesale and retail trade sector, car and motorcycle repair with an average LQ of 0.967; the transportation and warehousing sector with an average LQ of 0.757; food and drink accommodation provision sector with an average LQ of 0.351; information and communication sector with an average LQ of 0.183; the financial services and insurance sector with an average LQ of 0.482; real estate sector with an average LQ of 0.379; corporate service sector with an average LQ of 0.045; the government administration, defense and social security sectors with an average LQ of 0.912; the education services sector with an average LQ of 0.411; and the health services sector and

social activities with an average LQ of 0.629. Even though the base sector is the sector with the most potential to be developed and to spur economic growth in the Asahan Regency area.

4.3 SWOT Analysis to Determine Potential Economic Sectors

SWOT analysis is a tool used to compile internal and external strategic factors, namely (Strength, Weakness, Opportunity and Threat) from these factors so that several alternative strategies that influence regional development can be obtained. Based on the current conditions as explained in the regional description of Asahan Regency above and based on the Asahan Regency Regional Medium Term Development Plan (RPJMD) for the next 5 years, namely 2021 – 2026 which was presented at the Plenary Meeting of the Asahan Regency DPRD, it can be identified the following factors: environmental factors, which affect the implementation of development over the next 5 years are as follows.

Table 6. SWOT Analysis Matrix

	<p><i>strength(S)</i> The strategic location of Asahan Regency Population in large numbers as a potential and productive resource for regional development The agriculture, forestry and fisheries sectors make the largest contribution to the economy of Asahan Regency The area has abundant water resources The strong commitment of the Regional Government in carrying out the programs planned in the regional development process Rich in tourist attractions</p>	<p><i>Weaknesses(W)</i> Geographical conditions in Batubara Regency, Malacca Strait, Tanjung Balai City and Toba Samosir are potentially disaster-prone Some sub-district areas have the potential for erosion and flooding The number of poor people is still quite high The existence of development gaps between regions results in the potential for regional disintegration Community appreciation of local culture and locally made tends to decline The quality and quantity of public facilities and infrastructure, education, health, housing and settlements in general are still low</p>
--	--	---

<p>Opportunity(O) The high interest of investors wishing to invest in the Asahan Regency area has the potential for the development of a processing industrial area so that it can increase employment and people's welfare With the global spirit of "returning to nature", the geographical conditions of Asahan Regency have opportunities for developing agriculture, protected forests and tourist villages There is a BBI affirmation that opens export opportunities and increases the competitiveness of local products and increases people's purchasing power The opening of a business climate that can encourage increased employment in the informal sector High yields in the agriculture, forestry and fisheries sectors will increase GRDP every year and will produce superior products and support food security in Asahan District The use of the budget in the abuse of power in the demands of laws and regulations for the creation of good governance in the administration of government can reduce leakage</p>	<p>Comparative Advantage (SO) It can be seen that economic development in Asahan Regency or other areas, for small food and beverage industries (SMEs in the informal sector) can increase good competitiveness and increase people's interest in buying them Its development is very rapid which can strengthen the structure of the regional economy by placing the manufacturing sector as an increase in employment which is supported by the potential of natural resources (SDA). The large increase in the agricultural, forestry and fisheries sectors can place them as a driving force for economic growth in Asahan District</p>	<p>Divestments/Investments (WO) Increasing MSME business actors awareness of the importance of product and process quality, by participating in various training activities and competency development for MSME business actors in Asahan Regency In addition to several strategic advantages possessed by MSME business development in Asahan Regency, there are several problems that can hinder the development of the MSME sector. Among them are facilities and infrastructure that are concentrated in certain areas, developments in the agricultural sector and industrial sector that put pressure on the transportation sector, and wide disparities among the population</p>
--	---	--

<p>Threats(T) The impact of globalization causes a decrease in the moral values of society The global economic crisis caused a decline in the value of exports which resulted in a reduction in the amount of production and labor The incessant foreign culture that enters as the development of information technology, in some ways conflicts with local cultural values There are discourses and Plans for expansion of other regencies/cities bordering Asahan Regency There is competition between regions either directly or indirectly in the development of economic growth centers such as industrial areas and central business districts affect investor interest Utilization of the natural resource potential of Asahan Regency by other regions where compensation to the region results decrease in the carrying capacity of the environment With the Covid-19 outbreak causing economic growth in Asahan Regency to decline</p>	<p>Mobilization(ST) It can be explained that Asahan Regency strengthens the structure of the regional economy by placing the agricultural, forestry and fisheries sectors as the driving force for economic growth which is supported by the potential of natural resources (SDA). With the addition of the manufacturing industry sector and other service sectors, it can also help economic growth in Asahan Regency which can compete with other products. Three basic sectors consisting of agriculture, forestry and fisheries; processing industry sector; and other service sectors can help the National Economic Recovery (PEN) which is echoed by the central government due to the covid-19.</p>	<p>Damage Control (WT) Developing tourist villages in Asahan Regency so that it attracts the interest of the local community and outside the region to visit Optimizing non-base sectors that have less potential to reduce the unemployment rate Create and improve product innovation so that the welfare of the population continues to increase</p>
---	--	---

Based on the results of the SWOT analysis above, the MSME development strategy in Asahan Regency is obtained, which is the Mobilization Strategy (ST). The ST strategy is a strategy that utilizes existing strengths to increase its competitive advantage. Through this strategy, the development of MSMEs in Asahan Regency is expected to be able to fulfil market needs, increase production growth, increase people's purchasing power and take advantage of existing technological and information advances.

The Mobilization Strategy (ST) contained in the SWOT matrix, shows that there are 3 ways or strategies that can be carried out to develop the potential of MSMEs in Asahan Regency including:

1. It can be explained that Asahan Regency strengthens the structure of the regional economy by placing the agricultural, forestry and fisheries sectors as the driving force for economic growth which is supported by the potential of natural resources (SDA).
2. With the addition of the manufacturing industry sector and other service sectors, it can also help economic growth in Asahan Regency which can compete with other products.
3. Three basic sectors consisting of agriculture, forestry and fisheries; processing industry sector; and other service sectors can help the National Economic Recovery (PEN) which is echoed by the central government due to the Covid-19.

5 Conclusion and Suggestion

5.1 Conclusion

1. Asahan Regency has three leading sectors, namely the agricultural, forestry, and fisheries sector, the manufacturing sector, and other service sectors. The agricultural, forestry, and fisheries sector has consistently averaged LQ of 1.70 in the last 5 years, thus 70% of the agricultural, forestry, and fisheries products of Asahan Regency are exported out of the Asahan Regency area. The processing industry sector has an LQ greater than one, namely the last 5 years average of 1.12, which means that the output of the processing industry sector can be exported to other regions by 12%, seen from the last 5 years there is a tendency for the processing industry sector's LQ increasing, although relatively small. The other service sector has an average LQ of the last 5 years of 1.03%, meaning that this sector exports to other regions by 3%.
2. The strategy needed in empowering the leading MSME sector in Asahan Regency is Mobilization (ST). ST Strategy is a strategy that utilizes existing strengths to increase its competitive advantage. Through this strategy, the development of MSMEs in Asahan Regency is expected to be able to fulfill market needs, increase production growth, increase people's purchasing power and take advantage of existing technological and information advances.
3. Potential sectors that can become driving sectors are agriculture, forestry, fisheries, in this case the food crops sub-sector, such as rice, corn, cassava and sweet potatoes. Meanwhile, the plantation sub-sector includes rubber, oil palm, coconut and cocoa. For the horticultural crops sub-sector such as long beans, large chilies, cayenne pepper, eggplant, cucumber and kale. The agriculture, forestry and fisheries sectors are the base sectors and the second largest contributor to economic growth in Asahan District.

5.2 Suggestion

1. Asahan Regency has 3 leading sectors in the mining sector, forestry and fisheries, the manufacturing industry sector, other service sectors, the regional government of Asahan Regency is expected to be able to maintain and develop superior commodities to increase economic growth in Asahan Regency. With the export of leading MSME commodities, it

is hoped that it can also stimulate other sectors to contribute to driving the economy of Asahan Regency

2. The Asahan Regency Government needs to conduct broader research, namely on MSME in all sectors, not only in the leading sector but also from the development sector.

References

- [1] Y. B. Kraja, E. Osmani, and F. Molla, "The Role of the Government Policy for Support the SME-s," *Academic Journal of Interdisciplinary Studies*, no. June 2014, 2014, doi: 10.5901/ajis.2014.v3n2p391.
- [2] D. T. Matt, V. Modrák, and H. Zsifkovits, *Industry 4.0 for smes: Challenges, opportunities and requirements*. 2020. doi: 10.1007/978-3-030-25425-4.
- [3] E. Hadiyati, "Marketing and Government Policy on MSMEs in Indonesian: A Theoretical Framework and Empirical Study," *International Journal of Business and Management*, vol. 10, no. 2, pp. 128–141, 2015, doi: 10.5539/ijbm.v10n2p128.
- [4] Indonesia Regulation, *Indonesian Regulation of MSMEs, Article No 20, 2008*. 2008.
- [5] T. Ratnawati, "Financial Inclusion Strategy To Increase The Welfare Of Regional Community Industry In Gresik Regency Of East Java," *Archives of Business Research*, vol. 6, no. 7, pp. 86–93, 2018.
- [6] S. A. Pangemanan and I. M. Walukow, "Marketing Strategy Analysis for Small and Medium Scale Business Enterprise (SMEs) for Home Industry Furniture in Leilem, the Regency of Minahasa," *J Phys Conf Ser*, vol. 953, no. 1, pp. 0–13, 2018, doi: 10.1088/1742-6596/953/1/012033.
- [7] I. Kurniawan and M. Murtala, "Efisiensi Belanja Pemerintah Terhadap Indeks Pembangunan Manusia Secara Regional di Indonesia," *Jurnal Ekonomi Regional Unimal*, vol. 3, no. 3, pp. 15–22, 2020, doi: 10.29103/jeru.v4i2.6051.
- [8] World Bank, "Global Economic Prospects 2018: Trade, Regionalism, and Development."
- [9] E. Dabla-norris and K. Kochhar, "Causes and Consequences of Income Inequality : A Global Perspective," *Imf*, pp. 1–39, 2015.
- [10] A. G. Berg and J. D. Ostry, "Inequality and Unsustainable Growth: Two Sides of the Same Coin?," *IMF Economic Review*, vol. 65, no. 4, pp. 792–815, 2017, doi: 10.1057/s41308-017-0030-8.
- [11] T. Lal, "Impact of financial inclusion on poverty alleviation through cooperative banks," *Int J Soc Econ*, vol. 45, no. 5, pp. 807–827, 2018, doi: 10.1108/IJSE-05-2017-0194.
- [12] R. Jayanthi, "The Effect of Electricity Development in Indonesia on Poverty and Income Inequality," *Jurnal Ekonomi Pembangunan: Kajian Masalah Ekonomi dan Pembangunan*, vol. 22, no. 1, pp. 104–116, 2021, doi: 10.23917/jep.v22i1.12076.
- [13] N. Lustig, J. Scott, and C. Pessino, "Spending on Inequality and Poverty in and Uruguay: an Overview," *Tulane Economics Working Paper Series*, 2013.
- [14] F. Rangkuti, *SWOT and Balanced Scorecard*. Jakarta: PT Gramedia Pustaka Utama, 2011.
- [15] M. Prastika and A. Sadjiarto, "Analisis SWOT Usaha Mikro Kecil Menengah (UMKM) Di Industri Kreatif Sarang Lebah Salatiga," *Ecodunamica*, vol. 1, no. 3, 2018.