

Growth and Competitive Analysis of SMEs in Sleman, Indonesia

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Abstract

This study examines the factors that affect the growth and competitiveness of Small and Medium Enterprises (SMEs) in Sleman Regency Yogyakarta Indonesia. We collect the data using a survey technique involving 100 SMEs' owners from five sectors (the craft, food processing, clothes, metals, and others). Regression analysis was used to analyze the relationship between internal and external factors and the performance of SMEs. The findings depict that both internal factors (entrepreneur attitudes towards risk, learning entrepreneurship, the number of employees, financial reports, wealth value, age, and license) and external factors (marketing networks and supplier cooperation) affect the performance growth and competitiveness of SMEs. This paper recommends that in order to develop the business activities of SMEs, the efforts include easy access to capital, business scale, network, marketing and partnership, human resources (knowledge of marketing, product development, license, financial reports, supply chain, risk management, business management, and others) could increase the technology access of product development to establish a more conducive business climate and more systematic strategy assistance based on the specific problems faced by SMEs.

Keywords: *performance; competitiveness; market mapping*

INTRODUCTION

Small Medium Enterprises (SMEs) have an important role in the economic growth of a country. The contribution given by SMEs is not only felt by developing countries but also by developed countries. In Indonesia, SMEs have a major role in the economy, especially in expanding employment opportunities and absorbing labor. In addition, SMEs contribute greatly to the growth of gross domestic product (GDP) and provide safety nets, especially for low-income people to run a productive economy (Raharjo, 2019; Ngatno, 2020; Tambunan, 2009).

The increasing role of SMEs in economic development around the world, especially in developing countries, shows the importance of awareness of the entrepreneurial aspect. However, research on entrepreneurial activities is concentrated in developed countries, and receives less attention in developing countries (Reijonen, 2010); (Nicolescu, 2009). With these considerations, this study examines the performance growth and competitiveness of SMEs, as well as the factors that influence their performance of SMEs. Some study literature states that the ability of MSMEs to compete depends on several variables, which can be classified into internal and external variables (Nicolescu, 2009). Internal variables include the age of the entrepreneur, the entrepreneur's educational background, the number of employees, the size of the business unit, and others. Meanwhile, external factors include the business network, business climate, people's

purchasing power, and others (Thompson Agyapong et al., 2018; Moreno & Casillas, 2007; Beck & Demirguc-Kunt, 2006; Delmar & Shane, 2003; North & Smallbone, 1995). These factors influence the aggregate growth of entrepreneurial activities in MSMEs, especially in the context of Sleman Yogyakarta. Furthermore, internal factors are considered to have a greater influence on the performance of MSMEs than external factors, taking into account the economies of scale of these MSMEs (Rana & Sharma, 2019; Nicolescu, 2009).

The combination of external and internal variables can be an example of how this can affect the survivability of SMEs (Thompson Agyapong et al., 2018; Haddoud et al., 2019; Reijonen, 2010). Medium or medium enterprises tend to have a higher ability to survive than small businesses. The ability to diversify business with the support of larger assets makes mid-level SMEs have the flexibility to anticipate fluctuations in market demand. Meanwhile, small businesses tend to only have one business unit, so a decrease in demand can lead to the termination of the SME's operational activities. Therefore, in general, SMEs have a higher level of survivability than larger companies (Beck & Demirguc-Kunt, 2006; Joensuu-Salo et al., 2018; Azam, 2015).

Sleman Regency is an area with a large number of SME players. Especially for SMEs, the industrial sector is dominated by home industries and small industries, and a small portion is medium and large industries. The number of products produced is also quite diverse, starting from the food and beverage industry, various handicrafts, batik, fashion, building materials, garment, furniture, and others.

In order to increase the competitiveness of SMEs, the Office of Industry and Trade of Sleman Regency has carried out various coaching and assistance efforts to increase the capacity of these industrial entrepreneurs, including through various promotional and product marketing programs. To increase the effectiveness of coaching and mentoring, the Sleman Regency Industry and Trade Office needs to study the problems and factors that affect the performance of competitiveness of SMEs, and based on these factors determine the criteria for market mapping. Mapping of the SMEs' market is very important to do, especially to understand the competitive ability of each business unit.

The main objective of this research is to adopt an investigative approach to analyze the factors that affect the performance of MSMEs, by using the owners or managers of MSMEs as the unit of analysis. Specifically, the purpose of this study was to (a) elaborate on influence factors (internal and external) on the performance and competitiveness of SMEs, (b) to examine the problems faced by SMEs, (c) to prepare guidance on mapping criteria market SME products, (d) to rise market mapping and mapping scale of SMEs by using criteria that have been arranged, and (e) to provide recommendations about the patterns related to coaching and mentoring programs and marketing promotions.

To achieve the aims and objectives of the research, this article is structured as follows. The next section presents the theoretical basics of research and a review of previous research on factors that affect the performance and competitiveness of SMEs. Then proceed with a discussion of the methodology used in gathering empirical evidence. The following sections present the analysis, findings, and discussion. The final section discusses the conclusions, research contributions, and recommendations for future research.

METHODS

A quantitative design with survey techniques was used in this study, namely data collection of a group of individuals from a population using a questionnaire. The survey is a measurement process used to obtain information either with or without an interviewer through questions

(Cooper and Schindler, 2014). The survey conducted here is to use Google Forms to facilitate filling in without having to meet directly with respondents because it can be filled in online.

The sample size consisted of 109 owners or managers of SMEs from various different SMEs, both from micro and small scale, but there were obstacles in getting respondents from medium-scale SMEs. These owners or managers were sampled on purpose, given that they are entrepreneurs who are directly involved in their business and have run or managed the business for several years. In addition, because small business owners or managers are directly involved in running the business, they can provide appropriate questionnaire answers according to their knowledge and experience in owning and managing a business.

The study used primary data from a sample survey of SMEs in Sleman Regency. The sample uses a sampling method that is easy to do (convenience sampling), which is a type of non-probability sampling method where the sample is taken from a group of individuals who are easy to contact or reach and are willing to become respondents, representing the population, namely SMEs in Sleman (Wahyono, 2020) (Yeomans, 2017b). The advantages of this sampling technique are that it is fast, easy, readily available, and cost-effective (Zugrav, 2018).

The analytical methods used are quantitative (descriptive analysis and regression models) and qualitative (flexible questionnaire answers are filled in words or sentences). The descriptive analysis describes and classifies visually in the form of images, graphics, and or tabulations of numeric or numeric data from various aspects or categories. Descriptive analysis was carried out to describe the market mapping and scale of SMEs, including: Mapping of target markets based on demographics per business scale, mapping of target markets based on demographics per industrial sector, SMEs scale mapping based on market competitiveness, and SMEs scale mapping per business sector.

Then, there are many other visualization mechanisms that will be described in the discussion. In addition, a descriptive analysis of the data that will be presented in the discussion will also be presented. Furthermore, to determine the variables that affect the performance of SMEs, regression models are used. A regression model is used to test whether an independent variable is related to a dependent variable. Furthermore, to determine the variables that affect the performance of SMEs, regression models are used. A regression model is used to test whether an independent variable is related to a dependent variable.

RESULTS AND DISCUSSIONS

Analysis of the influence of internal and external factors on the performance of MSMEs

To determine the internal and external factors that will be defined as the mapping criteria, the relationship between these internal and external factors and the performance of SMEs is tested, namely sales turnover performance. The test results show that there are three factors or demographics of entrepreneurs that have a significant positive effect on SMEs turnover, including the entrepreneur's attitude to accept risks; and learning entrepreneurship from family. Meanwhile, entrepreneurial learning from friends has a significant negative effect on the SMEs' turnover.

Table 1. Influence of internal employer characteristics on turnover performance

Industry Type	Entrepreneur demographics			Risk attitude				Entrepreneurship learning		
	Education	Age	Gender	Risk-taking	Risk avoidance	Risk minimization	Risk acceptance	School	Family	Friends
Variable	0.24	0.00	0.79	-0.43	2.37	-0.29	5.30**	1.01	1.01*	-1.37*
	(0.22)	(0.02)	(0.48)	(0.60)	-1.52	(0.55)	-2.07	(0.62)	(0.53)	(0.73)
Craft	-0.02	-0.17	-0.39	-0.12	-0.17	-0.22	-0.30	-0.27	-0.32	-0.03

	-2.15	-2.11	-2.12	-2.14	-2.12	-2.14	-2.07	-2.12	-2.11	-2.11
Food	0.90	0.71	0.50	0.82	0.62	0.70	0.76	0.61	0.46	0.92
	-2.15	-2.12	-2.12	-2.15	-2.12	-2.15	-2.08	-2.12	-2.11	-2.11
Clothing	-0.15	-0.26	-0.39	-0.14	-0.25	-0.32	-0.25	-0.44	-0.50	-0.16
	-2.18	-2.16	-2.15	-2.18	-2.16	-2.19	-2.11	-2.16	-2.15	-2.14
Others	1.64	1.40	1.24	1.48	1.40	1.34	1.40	1.19	1.40	1.40
	-2.33	-2.29	-2.29	-2.32	-2.29	-2.32	-2.24	-2.29	-2.28	-2.28

Next, the results depict that the effect of the company characteristics (such as the number of employees, the availability of financial statements, the wealth value, and others) on the turnover performance (Table 2) shows that the characteristic factors of companies influence positively significant on the turnover performance of SMEs is, first, the number of employees; second, the availability of financial reports; third, the value of assets; fourth, age and; fifth license. These results show that the larger number of workers in SMEs, the higher the turnover of SMEs, and when SMEs have financial reports, this will increase their turnover. Additionally, related property value, the greater the capital held for running and developing SMEs business, the performance increases, also increasing the SMEs age, the greater value of the SMEs growth can achieve mature phases in the SMEs life cycle. Also, SMEs that have licenses also increase their turnover because they can gain the consumers' trust and wider access to capital.

Table 2. Influence of company characteristics profit performance

Panel A. Relationship between number of workers and branches of turnover								
Variable	Total manpower	Financial statements	Marketing Scale	Wealth Value	Move location	UMKM Age	Licensing	Branch
Turnover	2.32*** (0.34)	1.09** (0.46)	0.34 (0.24)	1.06*** (0.08)	-0.22 (0.75)	0.16*** (0.02)	1.28** (0.58)	0.51 (0.48)
Craft	-0.71 (1.74)	-0.83 (2.10)	-0.07 (2.12)	-0.62 (1.32)	-0.15 (2.15)	0.08 (1.75)	-1.30 (1.09)	
Metal					1.44 (2.33)		-0.28 (2.33)	0.19 (2.13)
Food	0.10 (1.75)	0.02 (2.11)	1.12 (2.14)	0.27 (1.33)	0.79 (2.15)	0.83 (1.75)	-0.26 (1.09)	1.27** (0.55)
Clothing	-1.41 (1.78)	-1.21 (2.16)	0.16 (2.16)	-0.91 (1.35)	-0.25 (2.18)	0.44 (1.78)	-1.36 (1.16)	0.08 (0.68)
Others	0.93 (1.88)	0.52 (2.28)	1.33 (2.30)	0.12 (1.44)		1.45 (1.92)		1.05 (1.17)

Panel B. Capital access and marketing system on Profit

Type of Industry	Access to Capital				Marketing System			
	Bank	Alone	Mix	Other	Facebook	Instagram	Direct	Website
Variable	-0.21 (1.14)	-0.39 (0.53)	0.46 (0.60)	0.65 (1.53)	0.63 (0.91)	-0.25 (0.78)	0.33 (0.80)	0.30 (0.97)
Craft	-1.45 (1.14)	-1.44 (1.12)	-1.50 (1.12)	-1.44 (1.12)	0.20 (2.33)	0.20 (2.33)	0.20 (2.33)	0.20 (2.33)
Metal	-1.30 (2.38)	-1.15 (2.36)	-1.25 (2.35)	-1.25 (2.36)				
Food	-0.13 (1.16)	-0.08 (1.12)	-0.20 (1.13)	-0.07 (1.12)	0.96 (2.35)	0.96 (2.35)	0.96 (2.35)	0.96 (2.35)
Clothes	-1.37 (1.23)	-1.33 (1.19)	-1.42 (1.20)	-1.36 (1.20)	-0.17 (2.42)	-0.17 (2.42)	-0.17 (2.42)	-0.17 (2.42)
Others					0.30 (0.90)	0.30 (0.90)	0.30 (0.90)	0.30 (0.90)

Next, is testing the external factors (network and cooperation) that affect sales or turnover performance. Table 3 shows that both personal and professional networks (especially with suppliers) have a higher turnover. This shows the importance of having networks both personally and professionally with suppliers to improve the performance of SMEs.

Table 3. Influence of network (personal & professional) on performance

Type of Industry	Personal network	Supplier Cooperation	Banking Cooperation	Marketing Cooperation
Turnover	1.25*** (0.47)	1.15** (0.54)	0.80 (0.59)	-0.02 (0.49)
Craft	-1.08 (1.08)	-0.82 (-1.13)	-1.36 (1.11)	-1.42 (1.12)
Metal	-0.30 (2.28)	-0.09 (-2.35)	-1.04 (2.34)	-1.26 (2.37)
Food Processing	0.08 (1.07)	0.20 (-1.10)	-0.15 (1.11)	-0.07 (1.12)
Clothing	-1.01 (1.15)	-1.15 (-1.16)	-1.17 (1.18)	-1.31 (1.20)

Based on the above analysis, it can be drawn that the factors that influence the performance of SMEs include: (1) Internal demographic factors of entrepreneurs, including the attitude of entrepreneurs who accept risks and learn entrepreneurship from their families; (2) Internal factors, company characteristics include: number of employees, financial reports, wealth values, and license. Meanwhile, the company's external factors provide personal networks and cooperation with suppliers.

Analysis of the problems faced by SMEs and the expected alternative solutions

The results from descriptive statistics indicate that various problems faced by SMEs range from number (N), mean, standard deviation, minimum, and maximum. The results show that the problems most often faced by MSMEs are marketing problems (52%), followed by product development (21%), capital (17%), license (6%), and training (2%) (See Table 4).

Table 4. Descriptive statistics problems faced by MSMEs

Variables	N	Mean	SD	Min	Max
Capital	98.00	0.17	0.38	0.00	1.00
Packaging	98.00	0.00	0.00	0.00	0.00
Training	98.00	0.02	0.14	0.00	1.00
Product Development	98.00	0.21	0.41	0.00	1.00
Licensing	98.00	0.06	0.24	0.00	1.00
Marketing	98.00	0.52	0.50	0.00	1.00

To test the relationship between the problems faced and the turnover of SMEs, a regression test was carried out as follows. The result is that problems ranging from capital, training, product development, and marketing are statistically significant and negatively related to the SMEs turnover in Sleman Regency (See Table 5).

Table 5. The relationship between MSME problems and sales

Variables	Sales
Capital	-4.56** (2.22)
Training	-6.02** (2.55)

Product Development	-3.72* (2.18)
Licensing	-3.49 (2.31)
Marketing	-4.54** (2.13)

To explore the quantitative results deeply, we add a qualitative approach to obtain deeper answers from the respondents related to their recommendations for SME's solutions. Here, we summarize the recommendations for SMEs actors qualitatively that are grouped into the following aspects (see Table 6):

Table 6. Alternative solutions recommended by SMEs

No.	Recommendations	Description of Recommendations
1	Capital	<p><i>"Apart from the questions here, the previous question also had problems with licensing and production tools. (this is crucial compared to other challenges); I don't have a solution yet but hope to get the capital to be able to buy a space large enough to accommodate the products on display; get capital assistance for the procurement of more modern production equipment and business development "</i></p> <p><i>"Capital credit assistance with low interest"</i></p> <p><i>"KTA - Credit Without Installment"</i></p> <p><i>"Providing loans without collateral with low interest"</i></p> <p><i>"Want to have your own banana land"</i></p> <p><i>"There are capital loans with low-interest rates"</i></p> <p><i>"Capital injection in the form of a grant"</i></p> <p><i>"Soft loans"</i></p> <p><i>"The capital is smooth"</i></p> <p><i>"Good marketing"</i></p> <p><i>"BMT non-ribawi"</i></p> <p><i>"Capital assistance either in the form of grants or soft loans not from banks"</i></p>
2	Marketing	<p><i>"Assisted by sales from the government"</i></p> <p><i>"There is an exhibition link from the agency"</i></p> <p><i>"A new and untapped marketing network, like modern retail"</i></p> <p><i>"There are facilities regarding marketing and taught until it can be"</i></p> <p><i>"Procurement of marketing training"</i></p> <p><i>"Marketing is more massive and broader"</i></p> <p><i>"To be helped with licensing and marketing issues"</i></p> <p><i>"Get opportunities and links for marketing"</i></p> <p><i>"Through an Instagram.FB.exhibition "</i></p> <p><i>"Marketing and copywriting training will be held"</i></p> <p><i>"There are exhibitions and outlets; manufacture of professional product branding "</i></p> <p><i>"Many have resellers, now it's still a little"</i></p> <p><i>"External: Doing marketing and expanding the distribution network;</i></p> <p><i>"Internal: Creating a new product variant targeting the millennial market;</i></p> <p><i>"Ease in licensing and marketing training;</i></p> <p><i>"You can participate in selling in a crowded place, for example in star hotels or restaurants where potential buyers shop for handicrafts (Batik)"</i></p> <p><i>"There is a place to market products directly to the general public, for example by holding joint events that can be carried out regularly by involving IPM actors to market their products and promote directly to the public so that IK products are better known and widely marketed"</i></p> <p><i>"Network, network marketing"</i></p> <p><i>"Marketing training/solutions according to the current era"</i></p> <p><i>"Exhibitions are included according to the target market of each business and are assisted in online marketing"</i></p> <p><i>"Marketing collaboration"</i></p> <p><i>"Studying IG social media; Ask to be able to exhibit that there are facilities for now "</i></p> <p><i>"Expecting the exhibition info update"</i></p> <p><i>"Adding to the market"</i></p> <p><i>"Increase production and marketing"</i></p> <p><i>"There is marketing"</i></p>

		<p><i>"Provide a strategic marketing place"</i> <i>"Gallery and marketing team"</i> <i>"Information on exhibitions and other business promotions"</i> <i>"Exhibition, online marketing"</i> <i>"Free online product marketing"</i> <i>"Requires a simple and effective marketing theory and capital"</i> <i>"The fast marketing way; better marketing, p; Often invited to exhibit "</i> <i>"The capital is smooth, the marketing is good"</i> <i>"Invited outside Java, invited to an exhibition"</i> <i>«Tricks for cooking products»</i> <i>"Sales Network"</i> <i>"The agency can help with marketing through offline stores, hotels, through outdoor exhibitions</i> <i>city, online scra marketing etc "</i></p>
3	Accompaniment	<p><i>"Consultation with companions or other business actors"</i> <i>"Government support"</i> <i>"There is a consultation forum with experts"</i></p>
4	Partnership	<p><i>"Collaborating with the right partner"</i> <i>"Looking for an incubator from an online shop such as Bukalapak, Tokopedia, to join the flash sale"</i> <i>"The service works with shops selling mukena or umroh bureaus"</i> <i>"Increase the network"</i> <i>"Developing cooperation with shop/mall owners so that they can market their products even more widely"</i> <i>"Forging partnerships with people who are able to help product development, for example, tailors"</i> <i>"List of suppliers of raw material sources"</i> <i>"Can be facilitated for connections to big supermarkets"</i> <i>"Expanding the business network by following the community² "</i> <i>"There is cooperation with the service, hospitality that can help market our products"</i></p>
5	Licensing	<p><i>"To be helped with licensing and marketing issues"</i> <i>"Guided and given facilities and assistance in obtaining permits every step by step"</i> <i>"In order to make it easier to take care of permits"</i> <i>"Ease in licensing and marketing training</i> <i>there is a free license "</i> <i>"Licensing made easy"</i></p>
6	Training	<p><i>"It is hoped that there will be training related to business product development training has not been maximal</i> <i>"Accessory training</i> <i>"Workshops, education and training, training, seminars on:</i> <i>" Marketing and Branding - how to influence the mind and shape the product image in the minds of consumers</i> <i>"Product development training</i> <i>"Design training: 1. Training program for online and offline marketing teams.</i> <i>2. Support from other parties to get fixed orders "</i> <i>"Product development training, and the application of the technology"</i> <i>"Provided training on online marketing 2019"</i> <i>"Provide batik training, facilitate licensing, provide MSMEs access to expand marketing"</i> <i>"Training and comparative study to the creative food industry"</i> <i>"Product Innovation Training"</i> <i>"Disperindag provides continuous training starting from products (packaging etc.), financial records & reports (manual & digital) in detail"</i> <i>"There is a product design training with complete assistance"</i></p>
7	Product	<p><i>"Making more variants but according to target consumers"</i> <i>"There is an additional production section"</i> <i>"Increase production and marketing"</i> <i>"Efficiency"</i></p>
8	HR	<p><i>"Hiring employees who have cooking skills"</i> <i>"Have an online admin"</i> <i>"Having a marketing team who can assist"</i> <i>"Able and able to follow entrepreneurial competencies, the prizes/supports are in the form of</i></p>

		<i>several ways of advertising our products such as affordable billboards, affordable radio/newspaper advertisements, mass communication on public facilities, etc. Because it all requires a lot of money "</i>
		<i>"Want to find a personnel who can help production"</i>
		<i>"Need to improve the quality of human resources"</i>
		<i>"Increasing the quantity and quality of human resources in production, design, marketing, management"</i>
		<i>"Availability of human resources"</i>
9	Others	<i>"Relaxing"</i>
		<i>" Want to have many outlets and business branches"</i>

Thus, to be able to develop SME'S business activities, it is necessary to make efforts such as (1) easy access to capital; (2) business scale development; (3) developing business networks, marketing, and partnerships, (4) developing human resources (marketing knowledge, product development, licensing, preparation of financial reports, supply chain, risk management, business management, and etc.); (5) increasing access to product development technology; (6) creating a more conducive business climate, and (7) needing a more systematic and specific mentoring strategy based on the problems faced by MSMEs.

Scale mapping analysis based on competitiveness in the market

Based on the SMEs scale mapping criteria, the SMEs profile is assessed based on internal and external characteristics that affect the performance and growth of SMEs. Factors to be considered include the internal characteristics of entrepreneurs (such as age and owner education), and internal (such as the amount of labor, wealth, etc.), as well as external factors such as network (personal and professional). The following are the results of the mapping per factor:

Mapping by owner age

Based on the age of the owner, the mapping results show that in micro-scale MSMEs, the majority of the owners of SMEs are > 40 years old, which is 50%, likewise, for small-scale SMEs, the majority are > 40 years old, which is 53%.

Mapping by industry type

Number of SMEs by industry, the majority is dominated by SMEs operating in the craft sector by 41%, amounting to 36% of food processing, clothing sector amounted to 16%, 6% in other sectors and the sectors of metal by 1%. On the micro-scale, it is dominated by SMEs engaged in the handicraft sector by 34%, as well as on the small scale it is dominated by the craft sector by as much as 17 %.

Mapping based on the number of workers

Next, mapping based on the number of workers shows that for micro-scale SMEs, the majority of SMEs have a workforce of 1-4 people as much as 78%, while for small-scale SMEs the majority of them have a workforce of 5-19 people is 58%. While the mapping bases on the labor sector depict that the SMEs on a micro-scale are dominated by 1-4 workers (with the highest number in the craft sector). SMEs for small scale are dominated by 5-9 workers (with the highest number in the sectors of food processing).

Mapping based on the availability of financial statements

Based on the presence or absence of financial reports, most SMEs with micro and small scale have financial reports (64% and 87%). The micro-scale SMEs that did not have financial reports were 36%, while the small-scale SMEs was 13%. When examined by industry, for SMEs small majority have good financial statements craft sector, food processing, and clothing. Meanwhile, for micro-scale SMEs, almost all sectors have financial reports, except for the craft sector which is dominated by SMEs that do not have financial reports.

Mapping by location or number of districts

The majority of SMEs exposures in Sleman Regency for the micro-scale are in Sleman, Ngemplak, and Godean districts with 8 MSMEs each. Meanwhile, at least SMEs are in Turi, Sayegan, and Prambanan with the number of MSMEs in each sub-district being 1. For small-scale SMEs, the majority of SMEs are in Sleman, Ngaglik, and Mlati with 8 each while the least is in Turi, Seyegan, Kalasan, and Godean with 1 business per location.

Wealth-based mapping

Based on the value of wealth, SMEs with a micro-scale are dominated by SMEs with a wealth value of 0-48 million at 67%, then 33% are SMEs with a wealth value of 48 to > 96 million. Meanwhile, 100% of small-scale SMEs have a wealth value of 48 to more than 96 million.

Mapping based on marketing system

The number of SMEs based marketing systems is dominated by direct marketing at 43 %, Instagram at 30%, the others are 10%, Facebook at 9%, and the website at 8%. Next to mapping based on the marketing system, the majority of micro-scale SMEs still market their products directly (43%). Likewise, for small-scale SMEs, the majority of SMEs also still use the direct marketing system (47%).

Mapping based on the marketing system and sector

In small-scale SMEs for the food processing sector the majority uses the direct marketing system, then the craft sector uses Instagram in the majority, and the clothing sector uses the majority of the direct marketing system. In micro-scale SMEs, the craft sector and clothing sector is the majority use Instagram, sectors of food processing majority use direct marketing, clothing sector, the majority of using Facebook, and other methods dominated by the processing sector of food and crafts.

Mapping by scale and marketing network

For mapping based on the scale and current marketing network, the majority are marketing in the domestic Indonesian scope 53%, and only 9% are able to market their products abroad. Meanwhile, 26% are still marketing in Yogyakarta province and its surroundings, and 11% are marketing in Java. SMEs micro-market their products in Indonesia by 55%, the scope of the Yogyakarta province and around 24%, 12% Java and abroad amounted to 9%. While SMEs small scale markets their products in Indonesia at 50%, DIY and around 33%, overseas at 11%, and Java at 6%. Mapping by sector shows that for SMEs small scale only the craft se or has marketed products of her to foreign countries (2), although the amount is still dominated at the national scale (4). The food processing sector markets its products to the Yogyakarta province and surrounding areas (5), to the national region (3), and to Java (1). For the clothing sector, the marketing is balanced between national (1) and Yogyakarta province (1), while for other sectors it is a national scale (1). In micro-scale SMEs, the majority of SMEs are at the national marketing scale (handicrafts and clothing), while in food processing the majority are national and Yogyakarta province around. Nevertheless, for this micro-scale, other sectors already target the abroad market.

Mapping based on capital cooperation network

Based on capital cooperation, for example, banking, small-scale SMEs in the handicraft sector, none of which have cooperation with banks, but in the food processing sector, the majority collaborates with banks, in the clothing sector there is a balance between those collaborating with banks and not, while in other sectors the majority collaborates with banks. In micro-scale SMEs,

there is no sector that mostly collaborates with banks. The craft sector, metals, food processing, and clothing sectors do not have cooperation with banks.

The development of SMEs is an integrated part of economic integration in Indonesia. But in general, the performance of SMEs in Sleman Regency is still not optimal, especially in terms of turnover productivity (most of them are Micro and small SMEs), not many have contributed to exports and there is still minimal participation in professional networks (both marketing and supplier networks).

Resume profile mapping SMEs in Sleman Regency

Based on the internal and external criteria for SMEs mapping, namely the internal demographics of entrepreneurs and company characteristics, as well as the external factors of the company, the resume description of MSMEs in Sleman Regency is as follows (see Table 7):

Table 7. Resume of SMEs mapping profile in Sleman regency

Information	Micro Scale	Small Scale
Owner Age	Age over 41 years	Age over 41 years
Type of Industry	Craft	Craft
Total manpower	1 to 4 people	5 to 19 people
Wealth Value	0-48 million	48-96 million
Domination of sub-district location	Godean, Ngemplak, Sleman	Sleman, Ngaglik, and Mlati
Availability of Financial Bills	Having financial reports	Having financial reports
Marketing System	Direct	Direct
Marketing Scale	Indonesian (Javanese)	Indonesian (Javanese)

The results of the study based on internal factors of entrepreneurs and companies show the following results: (1) Based on the age of the owners, both micro and small-scale SMEs, the majority are more than 40 years old, (2) Based on the type of industry the majority is dominated by SMEs engaged in the handicraft sector, followed by food processing, then followed by the clothing sector, then other sectors and finally the metal industry sector, (3) Based on the number of workers, all micro SMEs sectors have a majority of 1-4 workers. Whereas for the small scale, the majority have a workforce of 5-19 people, (4) Based on the value of wealth, SMEs with a micro-scale are dominated by SMEs which have a wealth value of 0-48 million of 67%, then 33% are MSMEs with a wealth value of 48 to > 96 million. Meanwhile, 100% of small-scale MSMEs have a wealth value of 48 to more than 96 million. (5) Based on the location or number of districts, the distribution of SMEs itself in Sleman Regency for the micro-scale is mostly in Sleman, Ngemplak, and Godean sub-districts, with 8 SMEs per each. Meanwhile, at least SMEs are in Turi, Sayegan, and Prambanan with the number of SMEs in each sub-district is 1. For small-scale SMEs, the majority of SMEs are in Sleman, Ngaglik, and Mlati with 8 each while the least is in Turi, Seyegan, Kalasan, and Godean with a total of 1 business, (6) Based on the presence or absence of financial reports, both micro and small-scale SMEs both have financial reports, and a small portion (30%) do not have financial reports, (7) based on a marketing system, dominated by direct marketing (43%), followed by Instagram (30%), others (10%), Facebook (9%), and websites (8%). The majority of micro-scale SMEs still market their products directly (43%). This also happens to small-scale SMEs, where the majority of SMEs still use the direct marketing system (47%).

Meanwhile, the results of the study on external factors show (1) Based on Marketing Scale and Network, the majority of SMEs based on scale and marketing network are currently still in Indonesia (53%), and only 9% are able to market their products abroad. Meanwhile, 26% still market in Yogyakarta province and its surroundings and 11% market in Java, and (2) Based on the Capital Cooperation Network such as banking, small-scale SMEs in the handicraft and metal

sector, the majority of which have no cooperation with banks. The majority of the food processing sector collaborates with banks, while in the clothing sector, there is a balanced position between those who have cooperation with banks and those who do not have cooperation with banks, while in other industrial sectors they have cooperation with banks. Meanwhile, at micro-scale SMEs, all sectors (handicrafts, metals, food processing, clothing, and other industrial sectors) stated that they did not have cooperation with banks.

For the development of SMEs, it is necessary to determine the right marketing strategy. This step is to determine the Segmenting-Targeting-Positioning (STP) marketing strategy, namely (1) market mapping or segmentation, (2) target market determination, and (3) market positioning.

Mapping based on 4 target markets (income, occupation, age, and gender) and by Industry Sector

The number of SMEs is based on the target consumer income per industry, the result is that the four industries (Crafts, Food, Clothing, and Others) both have the main target buyers are middle-income consumers (28, 29, 11, and 4), but only the metal industry which has high-income target buyers. The number of SMEs based on the target consumer work per industry can be seen that the craft industry is dominated by target consumers who work in other fields, followed by the metal, food, clothing, and other industries with a composition of 19, 1, 20, and 3 respectively.

The number of SMEs based on the target age of buyers per industry found that all industries (handicrafts, metals, food, clothing, and others) were dominated by target buyers aged 25-40 years with a composition (33, 1, 26, 15, and 6). The number of SMEs based on the gender target of buyers per industry can be seen that the metal, food, clothing, and other industries have the main target of female buyers with a composition of 1, 33, 14, and 5. Meanwhile, only in the handicraft industry is the balance between buyers 5 men and women each (see Table 8).

Table 8. Mapping based on 4 target markets per industry sector

Target market	Craft	Metal industry	Food industry	Clothes	Others
Income	Intermediate	High	Intermediate	Intermediate	Intermediate
Profession	Others	Others	Others	Others	Others
	Private employees	Private employees	Private employees	Private employees	Private employees
Age	25- 40 years	25- 40 years	25- 40 years	25- 40 years	25- 40 years
Gender	Woman and man	Woman	Woman	Woman	Woman

CONCLUSION

The results of this study showed that the performance of SMEs is affected by (1) The internal factors including the attitude of entrepreneurs to risk, learning entrepreneurship, the number of employees, the availability of financial statements, the value of wealth, the age of the establishment of businesses and licenses, and (2) factors external include marketing network and cooperation with suppliers. To improve the performance of SMEs in the Sleman Regency, the Government needs to consider the determinants of the performance and competitiveness of SMEs as the basis for its policies. So far, the approach taken by the government is more social welfare than a business approach. The government needs to improve the direction of policy so that SMEs have the ability to compete and have higher performance.

In formulating policies related to SMEs, it is essential to change the paradigm of the facility that is the protection of excessive be facilitated to facilitate access. For performance growth, SMEs need access, both to inputs, resources, access to marketing, and access to capital, Regional Governments need to increase their role in providing this facilitation, both in increasing

productivity and innovation, ease of business, access to finance, and market access, both locally and globally.

Next, the results of the analysis of market mapping and the scale of SMEs business in Sleman can be concluded, first, the characteristics of SMEs (micro, small and medium) are that they have the same target segment, namely middle-income consumers, private employees, age of buyers between 25 years and 40 years, and dominated by female buyers. Second, the results of mapping according to the criteria for internal and external factors show that the profile of SMEs for micro and small scale has the same characteristics, namely the age of business owners over 41 years; The type of industry that dominates is crafts, the number of workers is 1 to 4 people, the value of wealth ranges from 0-48 million, the business locations are in the Godean, Ngemplak, and Sleman districts, the average has financial reports, the marketing system is direct and the scale of marketing is still national scope (Indonesia or Java).

For the development of SMEs, especially to improve the performance of SMEs, it is necessary to determine the right marketing strategy. SMEs as marketers need to understand the target market map so that marketing decisions, strategies, and tactics are carried out right on target and towards the specified target segment. The potential market for small and micro-scale SMEs shows the following profiles (a) the target market is middle-income, (b) is private employees, (c) the age of buyers is between 25 and 40 years, and (d) is dominated by female buyers. This study focuses on market mapping and the business scale of SMEs which is descriptive in nature. For further studies, a more detailed empirical method or analysis needs to be carried out so that analysis of the performance, issues, and problems of SMEs can be carried out in a more measured manner. In addition, the availability of data and analysis by sector is also needed in order to formulate appropriate policies for sectors with different characteristics. Scope of the study requires data availability SMEs detailed, accurate, current, and available series. For this reason, the availability of SMEs data in the future is an important agenda to do.

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