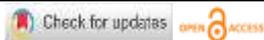


Strategic Analysis of Internal and External Environments in Improving Competitiveness and Business Sustainability in The Tanggulangin Bag Craft SME in Sidoarjo

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ABSTRACT

Objective: This study aims to analyze internal and external environmental strategies in improving competitiveness and business sustainability in a Tanggulangin bag craft SME, specifically NWL (NAWAL), and to explain the managerial implications of the findings from an accounting perspective. The study focuses on internal factors, including working capital, human resources, production technology, marketing, competition, and product innovation, as well as external factors that affect the firm's ability to survive and grow. **Method:** This research employed a qualitative descriptive method with a case study approach. Informants were selected purposively using the key informant technique, consisting of the business owner, production supervisor, and field foreman, because they have direct knowledge of production processes, operations, and managerial decision-making. Data were collected through observation, in-depth interviews, and documentation. Data analysis used the Miles and Huberman interactive model, including data reduction, data display, and conclusion drawing/verification. Data validity was strengthened through source and technique triangulation. **Results:** The results indicate that the sustainability of NWL (NAWAL) is strongly influenced by working capital stability, experienced human resources, the use of production technology, effective digital marketing, and continuous product innovation. Limited working capital may delay raw material purchases and disrupt production schedules. The use of industrial machines improves efficiency; however, some finishing processes remain manual, and machine breakdowns may generate additional costs. In a highly competitive market, the company needs to maintain product quality while calculating the cost of goods manufactured (COGM) for each bag model more carefully so that selling prices remain competitive without reducing profit margins. **Novelty:** The study implies that improving SME competitiveness should be supported by stronger management accounting practices, such as transaction recording, cash flow control, cost analysis, margin evaluation, and periodic financial and non-financial performance measurement (productivity, on-time delivery, defect rates, and repeat orders).

INTRODUCTION

Small and Medium Enterprises (SMEs) play a strategic role in the Indonesian economy because they are able to drive production and distribution activities, absorb labor, and make a real contribution to the national economy [1]. In order for their contribution to economic growth to be stronger, SMEs need to have measurable performance indicators as a basis for evaluating business development and improving competitiveness. Efforts to develop SMEs should also be carried out comprehensively by considering internal and external factors as a foothold for strategizing, so that the impact can be more felt. At the regional level, strengthening SMEs helps strengthen the people's economy and support national economic resilience. The experience of the 1997 economic

crisis shows that many SMEs are relatively resilient and able to survive, so their role as a support for the economy is increasingly prominent. However, more serious coaching is still needed so that SMEs are able to face increasingly open market competition and maintain the sustainability of their business. From an accounting perspective, strengthening the role of SMEs needs to be supported by orderly transaction recording, the preparation of simple profit and loss reports, and periodic business performance measurements so that development decisions are more data-based [2], [3].

The development of SMEs in Sidoarjo is expected to continue in a way that the government and related parties clearly refer to the factors that affect the growth of business performance. The performance of the small and medium enterprises (SMEs) sector is influenced by two main factors, namely the internal environment and the external environment. The internal environment includes human resources (owners, managers, and employees), financial aspects, production technology aspects, and marketing aspects. Meanwhile, on the other hand, the external environment of government policies, socio-cultural and economic aspects, as well as the role of related institutions such as the government, universities, private organizations, and non-government. For SMEs, competitiveness is also caused by many factors, including marketing, finance, management, technology, location, human resources, economic structure, and so on. From a management accounting perspective, mapping these internal and external factors is also important for budgeting, controlling costs, and evaluating the efficiency of each SME business function [4], [5].

Maintaining business continuity is a necessity for business people, because with the survival of the business, the hope of increasing business value will be maintained. In the context of accounting, efforts to increase business value are also related to the ability of SMEs to present reliable financial information, manage cash flow, and assess the profitability of the strategies implemented. The increase in business value will have a long-term impact on both business owners, workers in the business and consumers, so that it will bring prosperity to the community. All efforts to increase the company's value are inseparable from the strategy set by the company, both marketing strategies and strategies in increasing product competitiveness [6]. states that "Marketing strategy is defined as the analysis of the strategy of development and implementation of activities in the strategy of determining the target market for products in each business unit, the determination of marketing objectives, and the development, implementation, and management of marketing program strategies, the determination of market positions designed to meet the desires of target market consumers [6].

Competitiveness can be created or improved by implementing the right competitive strategy, one of which is by managing resources effectively and efficiently. In addition, the determination of the right strategy must be adapted to all activities of the company's functions, so that it will create the company's performance in accordance with expectations even more and can generate value. All companies, especially SMEs, compete to be at the forefront of the era of competition. Therefore, every SME is required to have

high competitiveness, so they must start improving themselves. In addition to technical competence, basic accounting literacy in SME managers is also needed so that decision-making related to prices, costs, and investments can be carried out more precisely. SMEs that have high competitiveness are characterized by reliable human resource (HR) capabilities, high mastery of knowledge, and mastery of the economy [7]. Therefore, the chosen competitive strategy needs to be translated into management accounting measures such as cost targets, margin targets, and operational performance indicators so that their implementation can be evaluated objectively.

Competitiveness can be understood as the ability of business actors to produce products that are valuable to the market with cost efficiency, so that businesses continue to make profits at the prevailing price level, both in the domestic and international markets. In the context of an organization, competitiveness shows how strong the capabilities and qualities are to win the competition. Such capabilities are formed from the way organizations manage and integrate internal resources, while reading opportunities and pressures from the external environment through targeted planning and coordination. At the country level, competitiveness in international trade is often associated with comparative advantage (a relatively inherent factor) and competitive advantage (factors that can be built through strategy, innovation, and performance improvement). Therefore, cost accounting elements such as the calculation of cost of production (COG), contribution margin, and cost control are important parts in maintaining sustainable competitiveness [5], [8].

The phenomenon related to Social care or (CSR) is a concept in which businesses integrate social and environmental care into their operations and interactions with stakeholders. One of the CSR-related phenomena that has gained momentum in recent years is Sustainable Supply Chain Management (SSCM). SSCM involves the management of the supply chain by considering the environmental, social, and economic impacts of the entire supply chain process, from raw material extraction to product delivery and beyond. Sustainable Supply Chain Management is a phenomenon in CSR that emphasizes the importance of managing supply chains in an environmentally responsible, socially just, and economically viable way. By adopting SSCM practices, companies can not only improve their reputation and ensure compliance, but also encourage innovation and make a positive contribution to society and the environment [9], [10].

Regarding Corporate Social Responsibility (CSR) has become an increasingly important issue in the industry, especially in the context of environmental protection. As awareness of the negative impact of industrial activities on the environment increases, companies in Indonesia are increasingly aware of their responsibility to contribute to the conservation of nature and limited natural resources. This article will discuss the importance of the role of corporate social responsibility in the environmental sector in Indonesia and highlight the challenges faced in its implementation to provide an in-depth exploration of how companies can effectively and sustainably carry out environmentally

oriented corporate social responsibility and this will affect the future of the company and of course impact the company's performance, especially financial performance. In order to fulfill its social responsibility, PT Sido Muncul carries out activities that improve the welfare and quality of its human resources, which are manifested in various activities. The obstacles faced by PT Sido Muncul in implementing CSR come from the company's internal and external environment. It is hoped that PT Sido Muncul Semarang can involve the community when carrying out CSR and allow the community to monitor CSR activities. In addition, the government also needs to intervene to supervise the implementation of corporate social responsibility. If a company fails to meet its corporate social responsibility obligations, then severe sanctions are required [11], [12].

According to , strategy is defined as the pattern of key actions chosen to achieve the organization's vision through its mission. Strategy shapes decision-making patterns to achieve the organization's vision. A company can direct all organizational resources through actions aimed at realizing the organization's vision. Without the right strategy, an organization will have a hard time realizing its vision. Strategies must be implemented effectively, and strategic planning must be integrated with operational issues. argues that strategy is not only understood as a "method to achieve goals", but also includes the determination of various objectives themselves. The company's success in the future depends a lot on the strategic planning that has been carried out. When creating a strategic plan, the company's strengths, weaknesses, opportunities, and threats are thoroughly analyzed. Environmental analysis helps companies determine the company's strategic position and helps predict the future, develop response strategies and improve organizational efficiency. The internal environment and the external environment need to be carried out to determine its strategic positioning, identify its strengths and growth opportunities, prepare for potential challenges it may face. In practice, strategic planning will be more effective if it is supported by an accounting information system that is able to provide cost, sales, and realization data on the budget [10], [10], [11].

There are several factors that affect business competitiveness and sustainability, namely internal environmental strategies and external environments. The internal environment is the environment in which the manager works, including the organization's culture, technology, etc. defines that the internal environment consists of the strengths and weaknesses of the organization itself and can usually be controlled in the short term. stated that the internal environment needs to be analyzed to find out the strengths and weaknesses that exist in the company. The internal environment is made up of structures, cultures, and resources. The internal environment needs to be analyzed to identify the strengths and weaknesses that exist within the company. Structure is the way a company is organized in terms of communication, authority, and workflow. This structure is also often referred to as a chain of command and is graphically depicted using an organizational chart. Culture is a pattern of beliefs, expectations, and values shared by members of an organization. Organizational norms specifically define the ethical behavior of members from upper management to operational staff is acceptable.

Resources are raw material assets for the organized production of goods and services. On the accounting side of the organization, the analysis of the internal environment is also related to the adequacy of the internal control system, the division of authority, and the quality of financial information produced for decision-making [12], [12], [13].

Internal factors include: 1) Lack of capital is the main factor needed to develop a business unit. Lack of capital for SMEs because in general, small and medium enterprises are closed individual businesses that rely on very limited owner's capital, 2) Limited human resources (HR), some small businesses grow traditionally and family businesses that are hereditary. The success of SMEs is determined by several factors, including quality human resources (HR), business capital, the use of technology, effective business management, good marketing, the availability of raw materials, and a supporting information system to be competitive [14], [15]. The limited human resources of small businesses in terms of formal education and knowledge skills greatly affect their business management and make it difficult for them to develop optimally. In addition, due to limited human resources, this business unit is relatively difficult to adopt new technological developments to increase the competitiveness of the products produced, 3) Weak business network, small businesses are often owned by family members, have very limited business networks and measure how much a product or service is used by consumers compared to the total number of markets for the products offered and the number of products produced is very limited, and The quality is less competitive, compared to large companies that already have a solid network and have technical support that can achieve good internationalization and promotion. Thus, these internal factors not only have an impact on operations, but also on the quality of accounting records, the accuracy of cost calculations, and the ability of businesses to assess the performance of each activity. Business progress assessment is important, as a measure of success, within a certain period of time, and input for further improvement or improvement of progress. In addition to other internal factors, buying interest is one of the supporting factors in marketing science. Because with consumer interest, it is likely that consumer loyalty will continue to buy. Therefore, marketing will continue to evolve through consumer referrals. In the financial aspect, progress measurement methods can be used, financial management and accounting, such as the amount of Return On Asset (ROA) [16], [17]. In addition to ROA, SMEs also need to record cash flows, inventory turnover, and separation of production and non-production costs so that the evaluation of business progress is more accurate.

Factors that affect business competitiveness and sustainability are external environmental strategies. The external environment is known to play an important role in managerial decision-making, processes and organizational structures. Believe that the external environment is made up of opportunities and threats outside the organization, which management cannot control in the short term. One of the managers' duties is to analyze the intensity of competition in the business environment to identify opportunities and threats. According to the external environment is an out-of-control

factor that influences the direction and choice of actions of a company, which in turn affects its organizational structure and internal processes. Based on the results of the analysis of external factors in the research conducted by the company, it shows that the company is able to take advantage of existing opportunities effectively and minimize the negative impact of potential external threats. From an accounting perspective, the dynamics of the external environment require SMEs to adjust cost planning, pricing policies, as well as administrative compliance and financial reporting [12], [18], [18].

The second external factors include: 1) Unsatisfactory business environment even though government policies to support the development of small and medium enterprises have been improved from year to year, overall still unsatisfactory, 2) Limited business facilities and infrastructure that lack information related to the advancement of science and technology, resulting in the rapid development of facilities and infrastructure, unable to support the expected business progress [19], 3) The impact of regional autonomy on the birth of Law No. 22 of 1999 concerning regional autonomy, where regional authorities have autonomy to regulate and manage local communities. This system change will have an impact on SMEs in the form of new taxes for small and medium enterprises (SMEs). If this situation is not immediately corrected, it will reduce the competitiveness of small and medium enterprises (SMEs), 4) The impact of free trade as we know, (AFTA) which came into effect in 2020, has a wide impact on small and medium enterprises in free trade competition. In this case, small and medium enterprises (SMEs) need to run the production process efficiently and be able to produce products that are in accordance with global market frequencies and quality standards such as quality issues (ISO 9000), environmental issues (ISO 14,000). and human rights (HAM) issues and employment issues [20], [19]. These external conditions also have an impact on the cost structure and business risk, so SMEs need to record costs and evaluate margins regularly to maintain profit sustainability.

There are internal and external problems, namely, lack of capital, lack of quality of human resources and weak business networks. Seeing the problems experienced by SMEs in Wates village Rt 04 Rw 02 Kedensari, Tanggulangin Sidoarjo. because in that place there is still a lack of selling value in products and competitiveness to match SMEs with online products, so that craftsmen there still rely on middlemen who still take goods and handicraft products made by craftsmen. The decision taken by SMEs is how to increase the competitiveness and sustainability of SMEs, so that their business can survive under any circumstances. The Grand Theory used to analyze internal and external influences for business competitiveness and sustainability is the Open [21], [22]. Systems Theory, which sees the organization as a system that continues to interact with its environment, and its supporting theory, Resource-Based View (RBV)), which focuses on leveraging the company's unique internal resources to create a sustainable competitive advantage that is difficult to replicate. The reason the researcher wants to research on tanggulangin bag craft SMEs is because they want to increase the competitiveness and sustainability of the business in each existing business line. Based

on the theory above, the author has the goal of conducting research on "Analysis of Internal and External Environmental Strategies in Increasing Business Competitiveness and Sustainability in SMEs". Therefore, strengthening the competitiveness of local SMEs not only requires marketing and production strategies, but also improving accounting practices such as cost recording, HPP-based pricing, and business cash management [23].

RESEARCH METHOD

Research Approach

The research approach used is a qualitative case study approach on UKM NWL (NAWAL). This approach focuses on a single business unit in depth to understand internal conditions, external pressures, and the strategies being implemented. The researcher used interview, observation, and documentation data as the main source to build a complete picture of the phenomenon. Through this approach, managerial and business accounting aspects can be analyzed according to the real context in the field.

Types of Research

The method used in this study is descriptive qualitative research. Descriptive qualitative research was chosen because the researcher wanted to understand in depth the phenomena that occur in business management, rather than testing the relationship between variables statistically. In the initial observation and preliminary interview, it was found that "if capital is thin, the purchase of materials is slightly delayed and production is backwards" (Mr. "A", as SPV), so it is necessary to explore the context, process, and meaning of business decisions directly in the field. Thus, this method is used to describe internal and external environmental strategies in increasing the competitiveness and sustainability of Tanggulangin Bag handicraft SMEs, especially NWL (NAWAL).

Research Subject

The subjects of the study are parties directly involved in operational activities and business decision-making at NWL (NAWAL), namely business owners, production supervisors, and field foremen. The three subjects were chosen because they represent managerial functions, production process control, and technical implementation in the field so that the information obtained can complement each other. The Key Informant in this study with the initials Mrs. "L" as the business owner, and Mr. "A" as the Production Supervisor, and Mas "W" as the Field Foreman. The criteria for the selected informant are (1) have understanding and experience relevant to the problems being investigated related to the business being researched, (2) able to communicate information about how the strategy used from the Company clearly and accurately; and (3) willing and able to contribute in collecting data related to records in reviewing internal and external strategies used by the company.

Research Object

There are two research objects observed in this study, namely (1) Small and Medium Enterprises are businesses that make their goods independently and at the same time become the main object of research that will be evaluated to assess the extent of the

strategies used in the internal and external companies because the SMEs process and process their own goods; and (2) the competitiveness and sustainability of the business in bag craft SMEs is another research object related to the research to be discussed. The evaluation is carried out to assess the effectiveness of the implementation of the strategies applied in controlling the process of competitiveness so that the risk of abuse, waste, or mistakes in implementing sustainability in the business can be minimized or developed so that it can develop and compete with other businesses.

Research Place

This research will be carried out in December 2025 at NWL (NAWAL), namely Tanggulangin Bag Handicraft SMEs, Sidoarjo, East Java.

Informant Determination Techniques

In this study, the determination of informants uses Key Informants which is a way to deliberately select informants based on special objectives in accordance with the research theme, namely by choosing the informants who know the best about the business conditions and strategies carried out. The key informants consist of Mrs. "L" as the business owner, Mr. "A" as the Production Supervisor, and Mr. "W" as the Field Foreman. The criteria for informants include: (1) being directly involved in business activities and/or decision-making; (2) have at least 1 year of work experience; (3) understand the production, marketing, or operational management process; and (4) willing to provide information openly and consistently.

Data Types and Sources

The research data consists of primary data and secondary data. Primary data was obtained through in-depth interviews with key informants (business owners, production supervisors, and field foremen), observation of the production process, and field records of researchers. Secondary data is obtained from available business documents (e.g. accessible production/sales records), internal archives, scientific journals, and other relevant literature sources. The results of the interviews are recorded and/or recorded to maintain the accuracy of the data during the analysis process. The data sources obtained from this interview process were carried out directly to key informants from business actors, namely business owners, Production Supervisors, and Field Foremen. The primary data source is data obtained from interviews with the information party concerned. Primary data is in the form of a general description of business activities where it is used to discuss problem formulation. Secondary data sources are data that are collected not only for specific research purposes. In this study, the secondary data sources were taken from related journals, and the internet. The results of the interview are then recorded or recorded. Another data source is in the form of archival sources obtained from data at Tanggulangin Bag Craft SMEs, Sidoarjo, namely NWL (NAWAL) as complementary secondary data.

Data Collection Techniques

The data collection techniques in this study were carried out through observation, in-depth interviews, and documentation. Observations are used to see firsthand the

production flow, use of machinery, and work practices in the field. In-depth interviews were conducted with key informants to explore business strategies, barriers, and operational decisions that affect business competitiveness and sustainability. Documentation is used as supporting data in the form of photos, business archives, and relevant records. The three techniques are used in a complementary manner (triangulation techniques) so that the data obtained is stronger. Through this study, we examine how competitiveness in a pandemic era like this can affect business sustainability in SMEs. The strategy in the research we use is a qualitative approach that starts from collecting to interpreting data, as well as the manifestation of the results. This approach is also related to research variables that focus on the problems that occur as well as the ongoing phenomenon with the research results [5].

Miles and Huberman Interactive Data Analysis Techniques

The data analysis technique used is Miles and Huberman's interactive analysis which takes place continuously through three flows, namely data reduction, data presentation, and verification/conclusion drawn. At the data reduction stage, the researcher selects, focuses, and groups information according to research themes such as capital, human resources, technology, marketing, competition, and innovation. At the data presentation stage, the results of interviews, observations, and documentation are compiled systematically so that the pattern of relationships between findings is easy to understand. The verification/conclusion stage is carried out by reviewing the consistency of data between informants. To improve the validity of the data, the researcher applied source triangulation (owner, supervisor, foreman) and technical triangulation (observation, interview, documentation). In the (1) data reduction stage, the researcher selects and focuses the data according to the research objectives on increasing competitiveness and business sustainability in Tanggulangin Sidoarjo bag handicraft SMEs. Stage (2) data presentation is carried out by systematically compiling data so that it makes it easier for researchers to see patterns and relationships between findings. Stage (3) verification/drawing of conclusions is carried out by reviewing the results of the analysis to ensure the consistency of the findings before being formulated into a research conclusion

RESULTS AND DISCUSSION

Results

A. Brief Explanation of Company Profile

NWL (NAWAL) is one of the SMEs producing leather bags and synthetic bags located in Wates Village RT 04 RW 02, Kedensari, Tanggulangin District, Sidoarjo Regency. The business was established in 2009 and has grown to become part of a local bag production center with a regional market reach. The production process is carried out independently starting from the purchase of materials, cutting, sewing, to the finishing stage with a combination of manual equipment and industrial machinery. At

the time of the study, the number of workers was around 20 people divided into sewing, finishing, quality control, and packaging divisions.

B. Description of Research Informant

Informant, Position, Length of Service, Description. Mrs. "L" as the long-time owner worked for 14 years to supervise the management of the business. Mr. "A" as a Production Supervisor, working for 8 years, his duties. Manage production controls. Mas "W" as a Field Foreman, worked for 6 years. Her job is to supervise sewing energy & production targets.

C. Exposure of Interview Results

1. Business Capital

The findings show that NWL (NAWAL) initially used independent capital from the family and partly took advantage of microloans in the early years of its establishment.

Mrs. "L" The owner said: *"At first we used family capital, then we had time to take a small KUR, but now we have used our own capital revolving system."* (Mrs. "L", Owner). While Mr. "A" SPV is not directly involved in capital management, he gives a technical view that capital is often related to the purchase of raw materials: *"If capital is thin, usually the purchase of materials is slightly delayed and production is delayed."* (Pak "A", SPV). Meanwhile, from the side of Mas "W" the foreman gave technical information: *"If the material arrives late, the sewing child will automatically be chased because he has to catch up with the deadline."* (Mas "W", Foreman).

Based on interviews, in the initial phase of NWL (NAWAL) was established, relying on family capital and had time to take advantage of microfinance. As the business grows, the use of external loans decreases and operational activities are more supported by internal cash turnover. The owner explained that this change in financing pattern was chosen to maintain business independence while stabilizing cash flow. In practice, capital management is coordinated by the owner, while Mr. "A" SPV provides technical input, especially related to the procurement of raw materials. Variations in material types and thicknesses, for example, affect the amount of material that must be purchased and impact the production costs of each bag model. From the operational side, Mas "W" the foreman added that the delay in the arrival of raw materials can make the sewing team work more intensively so that the production target is still achieved.

In conclusion, NWL's capital management and production have run independently with good technical coordination between parties.

2. Human Resources

The results of the interviews show that all employees have experience in the field of Tanggulangin bags.

Mrs. "L" Owner said: *"The majority of human resources here are used to making bags, so we just need to improve the quality of the stitches."* Mr. "A" Supervisor conveyed the aspect of improving the standard: *"The quality of the seams is good, but the finishing and quality*

checking must be more detailed." Meanwhile, Mas "W" the foreman emphasizes the technical aspect: *"The local standard model is fast, but if there is a model that is 'a bit complicated', we need time to adapt."*

The results of the interviews show that human resources at NWL (NAWAL) are dominated by workers who have experience in the Tanggulangin bag industry. This experience is a strength because workers already understand the production workflow and are familiar with the basic standards of bag manufacturing. However, the informant also emphasized that market demands continue to increase, so the improvement of seam quality, finishing accuracy, and consistency of quality control needs to be carried out on an ongoing basis. In addition, when new models are more complex or trends change rapidly, technical adaptability becomes essential to keep the production process efficient without sacrificing quality. Thus, strengthening competencies through skill development and updating work standards is needed to maintain product competitiveness.

In conclusion, experienced human resources are the company's main strength, but there is still a need to improve quality, precision, and technical adaptability so that the bag products produced are of higher quality and able to compete.

3. Production Technology

Mrs. "L" The owner said that the use of Japanese industrial machinery is starting to help production efficiency, but the technology is not yet fully modern. *"We have used industrial machines, but some of the finishes are still manual."* Mr. "A" SPV added: *"Engine updates are necessary, because the market standards are getting higher."* Mas "W" Foreman pointed out the technical problems: *"Old machines are often fussy, so production sometimes waits for repairs."*

Based on the findings of the interviews, NWL (NAWAL) has been using industrial machinery (some of which are Japanese machines) to improve efficiency at certain stages in production. However, technology modernization is not completely evenly distributed because some finishing processes are still carried out manually. The condition of aging equipment also causes obstacles, for example, machines that often experience disruptions so that production has to wait for repairs. This situation can affect the smooth running of work schedules, output consistency, and the accuracy of order fulfillment. Therefore, the need for equipment updates and routine maintenance arrangements is an important issue so that production efficiency and quality can be improved.

In conclusion, companies need to modernize and replace production machines so that efficiency increases, product quality is more maintained, and the work process runs smoother and has fewer obstacles.

4. Marketing

NWL (NAWAL) has reached markets outside Java even though it is still on an SME scale. Mrs. "L" Owner said: *"Now our goal is to expand the NWL (NAWAL) brand and enter the marketplace."* Mr. "A" SPV emphasizes the quality aspect as a marketing

attraction: *"The bag market now looks at the details, so quality has to be number one first."* Mas "W" Foreman conveyed his experience of event marketing: *"If you participate in the SME exhibition, there is usually a lot of new demand."*

NWL (NAWAL) is a business engaged in SMEs and has succeeded in reaching markets outside Java. Although it is still on an SME scale, the owner said that currently they continue to expand the NWL (NAWAL) brand. One of the steps taken is to utilize the marketplace as a marketing medium. Mr. "A" SPV emphasized that the quality aspect is the main attraction in the product marketing strategy. According to him, the current market pays great attention to the details of the products offered. Therefore, quality should be a top priority before marketing a product to consumers. In addition to digital marketing, promotional activities are also carried out through events. Mas "W" Mandor explained that participation in the SME exhibition has a positive impact on sales. This is evident from the many new requests that have arisen after participating in the exhibition.

In conclusion, based on the results of the interview, it can be concluded that NWL (NAWAL) implements a marketing strategy that prioritizes product quality, brand expansion through the marketplace, and participation in SME exhibitions, which has proven effective in increasing market reach and consumer demand.

5. Competition

The competition for Tanggulangin bags is very fierce, especially with online products and foreign brands. Mrs. "L" Owner stated: *"Our strategy is to strengthen the brand identity of NWL (NAWAL)."* Mr. "A" SPV opined: *"Models should always be updated, especially following the colors and market trends."* Mas "W" Foreman conveys his field experience: *"Prices can be competitive, but quality must still be maintained."*

The competition in the bag industry in Tanggulangin is relatively tight, especially with the increasing ease of consumers accessing products through online channels and the entry of foreign brands that offer many variations at competitive prices. This condition encourages business actors to have a clear strategy to survive. The owner emphasized strengthening brand identity as a differentiator, while other informants highlighted the importance of maintaining quality as the foundation of customer trust. On the other hand, the need for design updates and speed to respond to trends is also a challenge. Thus, efforts to maintain competitiveness need to be directed at a combination of brand strengthening, planned innovation, and consistency of product quality.

Conclusion: Increasingly fierce competition requires the Tanggulangin bag industry to implement an integrated strategy, namely by strengthening brand identity, continuing to innovate following market trends, and maintaining product quality even though prices must remain competitive. This combination of strategies is the main key for the company to be able to survive and grow in the midst of high market pressure.

Cost Analysis: From a cost accounting perspective, fierce competition demands that NWL (NAWAL) carry out cost control without degrading quality. The most cost-sensitive components are raw material costs, direct labor wages, repair/rework costs, and promotional costs (exhibitions and marketplaces). Market price pressure makes companies need to calculate the HPP per bag model in a more disciplined manner so that pricing remains competitive but business margins are not eroded. The interview's findings also show that material delays and engine glitches have the potential to incur indirect costs such as wait times and overtime, so operational efficiency is an important part of the competitive strategy.

Performance Analysis: In the context of competition, business performance is not only measured by sales volume, but also by the ability to maintain quality, production timeliness, and speed of responding to market trends. The findings of owners, SPVs, and foremen show that model updates, brand strengthening, and quality consistency are the main performance indicators that determine competitiveness. In management accounting, this performance can be monitored through indicators such as the level of product passing QC, delivery accuracy, labor productivity, customer repeat orders, and margin per product or sales channel. Thus, an effective competition strategy needs to be supported by periodic evaluation of operational and financial performance.

6. Product Innovation

Innovation is carried out through the development of models on a quarterly basis. Mrs. "L" The owner stated: "*At least once every three months there is a new model.*" Mr. "A" SPV said: "*Innovation follows the trend of colors, shapes, and customer demands.*" Mas "W" Mandor mentions the technical aspect: "*New models are usually more complicated, but that's what keeps us growing.*"

Product innovation is a key element to maintain the competitiveness of the Tanggulangin bag industry amid shifting market tastes. The company carries out innovation in a planned manner through the development of new designs that are carried out every quarter. Business owners state that at least every three months there must be a new model introduced, so that the product does not become outdated and remains attractive in the eyes of consumers. SPV added that the innovation process is always adjusted to color trends, shapes, and customer needs. By understanding market demand appropriately, companies can produce products that are more relevant and have a higher chance of being in demand. From the technical side, the foreman explained that making new models is generally more challenging than previous models because the level of complexity increases. This condition demands better skill, precision, and production capabilities. However, these challenges actually trigger the increase in competence and human resource development.

Conclusion: Product innovation that is carried out regularly and oriented to trends and customer needs is an important strategy to maintain the sustainability and existence of the company. Although the development of new models tends to be more

complex, these innovations encourage the improvement of product quality and workforce capabilities, so that the company is able to continue to grow and compete in the market.

D. Based on the results of data reduction, presentation, and verification, the research findings lead to five main factors that have the most influence on the sustainability of NWL's (NAWAL) business, namely: (1) capital stability, (2) improving the quality of human resources, (3) adoption of production technology, (4) digital marketing, and (5) sustainable innovation.

E. The comparison of the Owner-SPV-Foreman's answers shows the consistency of the findings:

F.

Focus	Owner	SPV	Foreman
Capital	Round of Efforts	Retained Material	Retained Material
HR	Enough Experience	Need QC Details	Model Adaptation
Technology	Industrial	Upgrade Fussy Machine	
Marketing	Fire	Quality Exhibition	
Innovation	Quarterly	Train	Implementation

All data corroborates each other so that the validity of the source is well stated.

G. **Strategy Analysis Using SWOT Analysis on UKM NWL (NAWAL) Tas Tanggulangin**

1. Strengths

- a. Experienced human resources in the Tanggulangin bag industry, production adaptation has been formed.
- b. Independent production process (material purchase-cutting-sewing-finishing) so that process control is stronger.
- c. The structure of the production team is clear (sewing, finishing, QC, packing) with the division of roles.
- d. The quality of the seams is good and there is attention to the details of the market.
- e. Periodic (quarterly) model innovation so that products do not quickly fall behind trends.
- f. The market has reached outside Java (the customer base has been formed).
- g. Promotion through exhibitions has proven to give rise to new demand.

2. Weaknesses

- a. The technology is not completely modern (some of the finishing is still manual).

- b. Dependence on machine/equipment conditions; When old machines have problems, the production process can potentially be stopped pending repair
 - c. Working capital that is sometimes limited can delay the purchase of raw materials and have an impact on the accuracy of production schedules.
 - d. Quality control standards and finishing accuracy need to be strengthened to consistently follow increasingly high market expectations.
 - e. Complex design adjustments take time; When trends change rapidly, there is a risk of product response delays
 - f. Brand strengthening and penetration in the marketplace are still ongoing so that the scale and digital marketing system are not optimal.
3. Opportunities
- a. Expansion of marketing through digital channels/marketplaces to expand reach and encourage repeat orders.
 - b. Government program support for SMEs (training, financing, exhibitions, mentoring, and product curation) that can be utilized.
 - c. Increasing consumer interest in quality local products, especially if the brand is supported by a strong narrative and positioning.
 - d. Opportunities for collaboration with resellers, local influencers, the fashion community, and B2B (souvenir/company) collaborations.
 - e. Expansion of markets outside the region through more organized distribution and the provision of neat digital catalogs.
4. Threats
- a. Fierce competition from online products and outside brands that offer high variety as well as aggressive prices.
 - b. Rapid changes in color trends and models demand a more responsive rhythm of innovation.
 - c. Market price pressure: need to remain competitive without degrading product quality and value.
 - d. Operational risks such as raw material delays and machine glitches that can hinder production targets.
 - e. Low-cost substitution products (fast fashion) that have the potential to reduce SME margins.

H. SWOT Strategy Matrix (SO-WO-ST-WT)

SO Strategy (using Power to seize Opportunities)

1. Brand strengthening based on the quality and value of Tanggulangin's handicrafts, accompanied by storytelling of the production process (e.g. short video content and detailed stitch/QC catalog).
2. Marketplace storefront optimization: consistent product photos, clear material/size descriptions, product bundling, and loyalty programs to encourage repeat orders.

3. Turning exhibition activities into digital sales opportunities: each event is directed to WhatsApp Business and marketplaces via catalogue QR and reseller forms

WO Strategy (taking advantage of Opportunities to close Weaknesses)

1. Gradual modernization of machinery and finishing tools through access to SME programs/microfinance with priority on equipment that most often hinders production.
2. Standardization of quality control and finishing through work checklists (sewing, glue, lining, accessories, cleaning, packaging) as well as short training during the launch of new models.
3. Strengthen material inventory management (e.g. setting reorder points) so that capital constraints do not interfere with the smooth production process.

ST Strategy (use Strength to deal with Threats)

1. Product differentiation by highlighting quality and wear value (not price wars), including an emphasis on detail, durability, and seam warranty.
2. A more agile innovation: maintains the quarterly cycle but features mini-releases for rising colors/accessories.
3. Making quality a "fortress" of competition through strengthening quality control so as not to lose to competitors who excel in variety and promotion.

WT Strategy (minimizing Weaknesses to avoid Threats)

1. The implementation of preventive maintenance of the machine is accompanied by a regular service schedule to prevent production from stopping suddenly.
2. Raw material risk management by providing a minimum of 1-2 alternative suppliers for critical materials so that they do not rely on a single source.
3. Cost and margin control: disciplined calculation of HPP per model and setting discount limits in the marketplace to keep cash flow healthy.

I. Implications or implementation of Strategic Positioning

In general, the internal conditions of NWL (NAWAL) are relatively strong in terms of human resource experience, independent production processes, routine innovations, and markets that have reached outside Java. However, there are weak points in terms of technology, QC/finishing consistency, and working capital resilience. Therefore, the most relevant strategy is to combine the drive of market expansion with the strengthening of the operational foundation:

1. SO (aggressive-directional): expanding the brand and sales through the marketplace by highlighting quality as a value proposition, and
2. WO (foundation repair): modernizing equipment and standardizing QC so that market expansion is not disrupted by operational issues.

Discussion

Field findings show that NWL (NAWAL) is moving from more traditional production patterns to more organized (semi-modern) production practices. This change can be seen from the efforts to use industrial machinery at several stages of work and

strengthening the marketing process. However, limited working capital and technological readiness are still obstacles so that the transformation has not yet fully underway.

The results of the study confirm that the sustainability of NWL's (NAWAL) business is closely related to the stability of capital managed independently. In the initial phase, the owner utilizes family capital and microfinance to drive production. Over time, dependence on loans has decreased and internal cash flow management has become the main determinants of the smooth purchase of raw materials and the rhythm of production. When working capital is depleted, production schedules are more susceptible to disruption, so strengthening cash management is a priority. From an accounting perspective, this condition emphasizes the importance of cash budget, cash flow recording, and working capital control as the basis for purchasing raw material decisions.

In terms of human resources, the strength of NWL (NAWAL) lies in the experience of its workforce who are used to the production of bags in Tanggulangin. The experience makes it easier to adapt to daily work and maintain the basic quality of the product. However, the market demands for sewing details, finishing, and quality control are increasing. Therefore, periodic training, work standardization, and increased precision are necessary to ensure that quality remains consistent when order volumes increase and when new models are more complex.

In terms of production technology, the use of industrial machinery helps to increase efficiency in several processes. However, some of the finishing stages are still manual and the condition of the machine that is often problematic can hinder the smooth production process. This situation has implications for risk. In cost accounting, machine modernization decisions also need to consider maintenance costs, downtime costs, and their impact on production costs per unit.

Order fulfillment delays and output inconsistencies. Therefore, gradual equipment updates and the implementation of routine maintenance need to be considered to maintain productivity and quality.

In terms of marketing, NWL (NAWAL) has reached markets outside Java even though it is still on an SME scale. The use of marketplaces and reseller networks is a channel that helps market expansion. This step is in line with changes in consumer behavior who are increasingly shopping online. In addition, participation in the exhibition also contributes to adding new demand. However, in order for growth to be more sustainable, brand strengthening and product quality consistency need to go hand in hand. From the management accounting side, evaluating marketing costs per channel (reseller, marketplace, exhibition) is important to know the most efficient channels and generate the best margins. The marketing strategy applied tends to place quality as the main attraction, then strengthened through digital promotional activities and event participation. This combination helps expand reach, increase consumer confidence, and encourage repeat purchases.

In the face of increasingly stiff competition, companies are facing pressure from easily accessible online products as well as outside brands that are aggressive on variety and price. Field findings show that strengthening brand identity, maintaining quality, and responding quickly to trends are key strategies to keep products relevant without having to go into a price war.

Product innovation has also proven to be a determining factor in sustainability. Regular model updates help maintain market interest, while the process of developing new models encourages the improvement of the technical capabilities of the workforce. Overall, capital stability, quality of human resources, technological readiness, digital marketing effectiveness, and sustainable innovation are a series of interrelated factors in supporting the sustainability of digital businesses.

If analyzed from the perspective of management accounting, the findings of the study show the need to strengthen the cost recording system and internal control in NWL (NAWAL). The stability of working capital mentioned by the informant is directly related to the management of cash flow, planning the purchase of raw materials, and the discipline of recording daily transactions. In conditions of fierce price competition, companies need to compile a calculation of the cost of production (COG) per bag model that separates the cost of raw materials, direct labor, and production overhead so that the selling price decision is not only based on market habits, but also based on the real cost structure of the business.

In addition to cost analysis, performance measurement needs to be extended to financial and non-financial indicators relevant to bag manufacturing SMEs. Financially, indicators such as gross profit margin per product, operating cash flow, and inventory turnover can help assess the sustainability of the business. Non-financially, indicators such as product defect rate, timeliness of order completion, labor productivity, and customer repurchase can be used to assess the effectiveness of internal and external strategies. The integration of these indicators strengthens the accounting function as a tool for planning, control, and evaluating strategies in NWL (NAWAL).

CONCLUSION

Fundamental Finding: Based on the results of the research in the previous chapter, it can be concluded that the sustainability of the NWL (NAWAL) business in Tanggulangin is influenced by several main factors, including capital, human resources, production technology, marketing strategies, and product innovation. First, in the capital aspect, NWL (NAWAL) still relies on internal capital and has used microfinance, while limited working capital can have an impact on the availability of raw materials and production capacity, which ultimately affects the accuracy of order fulfillment or delivery. Second, the human resources at NWL (NAWAL) are relatively experienced in making bags, but the improvement of market standards requires strengthening quality control capabilities and finishing precision so that product quality remains consistent. Third, production technology plays a role in speeding up the work process, although

some equipment is still conventional and several finishing stages remain manual, which can reduce efficiency and potentially affect quality when production costs increase. Fourth, NWL marketing develops through the use of resellers and marketplaces, but branding strategies and digital market penetration still need to be strengthened to face competition from imported products and other local SMEs. Fifth, product innovation becomes the key to maintaining business sustainability, especially through regular model updates and adjustments to market trends so that products remain relevant to consumers. **Implication:** This research has several implications both theoretically and practically. Theoretically, the results of the study support the SME development model that emphasizes the importance of capital, human resources, technology, marketing, and innovation as the main variables for increasing the competitiveness of small businesses. Practically, the study shows that NWL (NAWAL) needs to improve internal capabilities, particularly in strengthening human resources, enhancing quality control systems, and developing branding and digital marketing strategies. In addition, government support through SME development programs and improved access to financing is necessary to encourage technological transformation for bag industry players in Tanggulangin so that they can strengthen competitiveness in the market. **Limitation:** This research still has limitations, namely using only three key informants and one research object so that the results cannot be generalized widely. In addition, the data were obtained through direct interviews, meaning the findings rely heavily on the interpretation of the resource persons and the researcher's understanding of field conditions. **Future Research:** The next research is expected to expand the research object on other bag production units in Tanggulangin in order to obtain a more comprehensive comparison between each industry player, so that the aspect of business sustainability can be analyzed in more depth. Future studies are also expected to explore broader empirical data and comparative perspectives to better understand the sustainability strategies of SMEs in the local fashion industry.

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