Eduvest – Journal of Universal Studies
Volume 5 Number 9, September, 2025
p- ISSN 2775-3735- e-ISSN 2775-3727

Strategic Management in Enhancing the Competitiveness of MSMEs in Jayawijaya Regency, Wamena

Mikaus Gombo, Ahmad Walela, Lazarus Suyatno Vianney
Universitas Baliem, Indonesia
Email: mikaus.gombo@gmail.com, jhonwalela1985@gmail.com, salysuyatno@gmail.com

ABSTRACT

This research aims to describe the implementation of strategic management by Micro, Small, and Medium Enterprises (MSMEs) in Jayawijaya Regency and to analyze the internal and external factors affecting their competitiveness. A descriptive qualitative approach was used, with data collected through in-depth interviews, direct observation, and documentation. The findings reveal that most MSME actors do not formally apply strategic management but tend to adopt informal strategies based on experience and intuition. Internal factors affecting competitiveness include low managerial capacity, limited capital, and lack of innovation. External factors include inadequate infrastructure, restricted access to digital markets, and insufficient business mentoring. Strategies to improve competitiveness involve entrepreneurship training, utilizing local potential, multi-stakeholder collaboration, and applying simple technologies. This research provides recommendations for local governments, business actors, and supporting institutions to design contextual and sustainable MSME development strategies in frontier, outermost, and underdeveloped (3T) regions such as Jayawijaya.

KEYWORDS *Strategic management, competitiveness, MSMEs, Jayawijaya, 3T areas*

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's national economy, including in remote areas such as Jayawijaya Regency, Wamena, and Mountainous Papua. MSMEs play an important role in creating jobs, improving community welfare, and encouraging sustainable local economic growth (Fauzi & Sheng, 2022; Nursini, 2020; Sondakh et al., 2023; Tumiwa & Nagy, 2021). Amid limited infrastructure and access to technology, MSMEs in Jayawijaya show great potential in the traditional trade sector, local agriculture, handicrafts, as well as regional commodities such as areca nut, coffee, and non-timber forest products.

Micro, Small, and Medium Enterprises (MSMEs) are the backbone of Indonesia's national economy, including in remote areas such as Jayawijaya Regency, Wamena, and Mountainous Papua. MSMEs have a strategic role in creating jobs, improving community welfare, and becoming a driving force for sustainable local economic growth (Aswandy & Mariyanti, 2022; Moelrine & Syarif, 2022; Nizam et al., 2020; Prastiwi et al., 2019; Saied et al., 2023). In the context of the Jayawijaya area, which has limited infrastructure and access to technology, MSMEs actually show great potential worthy of development. MSMEs in Jayawijaya are mostly engaged in the traditional trade, local agriculture, and handicrafts sectors. Regionally typical products such as areca nut, coffee, and non-timber forest products provide economic added value while maintaining local wisdom and the sustainability of natural resources (Arifin & Farid, 2020). MSME actors in this area play a role as the main link between natural resources and the market, despite facing various challenges such as low access to capital and technology. The development of MSMEs with the right approach can strengthen the economy of the people of Jayawijaya in an inclusive and sustainable manner. Therefore, policy interventions supporting market access, management training, and the use of digital technology are very important to encourage the competitiveness of MSMEs in this region.

Strategic management is a systematic process that is important for organizations in determining the direction and achievement of long-term goals. This process includes identifying objectives, analyzing internal and external environmental conditions, and drafting and implementing strategic policies to gain a competitive advantage (Wheelen & Hunger, 2012). Specifically, strategic management consists of three main stages: the formulation of a strategy that defines an action plan, the implementation of a strategy for executing the plan, and the evaluation of the strategy to ensure the organization stays on track.

Meanwhile, competitiveness refers to the ability of an organization or business to create, market, and maintain excellence that allows them to survive and develop in the market (Prabowo, 2015). Factors that determine competitiveness include cost advantage, product differentiation, innovation, and responsiveness to market dynamics. In the context of MSMEs, competitiveness is not only related to product quality and production efficiency but also to an effective distribution network and adaptability to technological developments. The ability of MSMEs to manage these aspects strategically will improve their position in an increasingly competitive market.

MSMEs (Micro, Small, and Medium Enterprises) in Indonesia have a strong legal foundation in Law Number 20 of 2008 concerning MSMEs (Republic of Indonesia, 2008). Based on these regulations, Micro Enterprises are defined as businesses with maximum assets of IDR 50 million and a maximum annual turnover of IDR 300 million. Small Businesses have assets of up to IDR 500 million with an annual turnover of no more than IDR 2.5 billion. While Medium Enterprises are above this limit, they remain under the classification of large enterprises. MSMEs generally have distinctive characteristics, such as ownership and management by individuals or families, a simple management system, and limitations in access to financing, technology, and human resources (Sarvitri & Sunandar, 2020). However, the advantages of MSMEs lie in their operational flexibility and adaptability to market changes, especially in an unstable economic environment. In remote areas such as Jayawijaya Regency, MSMEs play a vital role in creating jobs, encouraging local economic growth, and serving as a means of community empowerment. In this context, appropriate policy support and development strategies are very important to increase the contribution of MSMEs to regional development.

Although MSMEs in Jayawijaya Regency have great potential in local trade, agriculture, and regional handicrafts, their competitiveness is still relatively low compared to other regions in Indonesia. Some of the main factors causing weak competitiveness are low access to capital, both from formal financial institutions and government financing programs. Many MSME actors do not have the administrative feasibility and business legality needed to access capital (Bank Indonesia, 2022). In addition, the lack of training and business assistance is also an obstacle to increasing managerial and entrepreneurial capacity. Limited human resources (HR), both in terms of education and skills, result in low productivity and innovation in business management (Ayuni et al., 2024). Jayawijaya's remote geographical conditions and limited transportation infrastructure and digital connectivity also increase the isolation of MSME actors from the wider market network. This affects product distribution, access to information, and limits technology adoption. Therefore, comprehensive and context-based policy interventions are needed to build the sustainability of MSME competitiveness.

Facing internal and external challenges, strategic management is a key approach that MSME actors need to apply in order to survive and compete in local and national markets. Beyond long-term planning, strategic management includes a comprehensive process ranging from SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis to formulation of vision, mission, and the implementation of effective operational strategies (Wheelen & Hunger, 2012). Through SWOT analysis, MSMEs can recognize internal potential for development while anticipating external risks that may hinder business growth. The strategy can include product differentiation, price adjustment, distribution expansion, and promotion optimization, including through digital platforms. These strategies enable MSMEs to increase product added value, expand market access, and build sustainable competitive advantage (Amri & Iramani, 2018). In the context of MSMEs in areas such as Jayawijaya, strategic management is especially relevant to overcoming challenges such as market isolation, limited human resources, and low technology adoption. With the right strategic approach, MSMEs not only survive but also grow sustainably and contribute to local economic development.

The competitiveness of MSMEs is influenced by both internal and external factors. Internal factors include management quality, innovation capacity, human resources, and cost efficiency, while external factors include government policies, market conditions, infrastructure, and access to technology and capital. The combination of these factors affects MSMEs' ability to compete sustainably. The development of Micro, Small, and Medium Enterprises in Disadvantaged, Frontier, and Outermost (3T) areas such as Jayawijaya Regency requires a strategic approach based on local potential. Such strategy includes strengthening community-based institutions and cooperatives, practice-based entrepreneurship training, intensive business mentoring, digital market access and locally-based promotion, as well as cross-sectoral collaboration among government, non-governmental organizations (NGOs), academics, and the private sector.

In Jayawijaya Regency, the implementation of this strategy has been carried out through various programs. The Office of Investment, Cooperatives, and One-Stop Integrated Services (PMK & PTSP) has conducted coaching and mentoring training for families and community groups forming cooperatives aimed at economic development, along with assistance in application system use and financial bookkeeping/recording for micro and small businesses. In addition, training for young beginner entrepreneurs is also conducted to realize competitive Indonesian youth through leadership development, entrepreneurship development, and youth pioneering development.

Unfortunately, many MSMEs in Jayawijaya do not have an adequate understanding of strategic management. Business actors generally still manage their businesses conventionally and reactively to market changes. This approach makes MSMEs vulnerable to economic fluctuations, demand changes, and competition from foreign products entering their area. Therefore, it is important to examine in depth how strategic management can be implemented by MSMEs in Jayawijaya Regency, as well as to identify the obstacles and supporting factors for increasing competitiveness.

This research is significant because it will provide an empirical picture of the actual condition of MSMEs in Jayawijaya and the extent to which business strategies are applied in practice. The results of the research are expected to provide input for MSME actors, related agencies, and other interested parties in efforts to develop the regional economy based on local wisdom and regional potential.

Thus, this research not only contributes academically by enriching the literature on strategic management and the competitiveness of MSMEs in 3T (Disadvantaged, Outermost, and Frontier) areas but also has practical value in encouraging more targeted MSME empowerment policies and programs in Jayawijaya Regency.

METHOD

This research employed a descriptive qualitative approach to gain an in-depth understanding of the strategic management practices and competitiveness challenges of Micro, Small, and Medium Enterprises (MSMEs) in Jayawijaya Regency, Mountainous Papua. This approach was chosen as it allowed exploration of the socio-economic and cultural dynamics influencing MSME management within the local context (Creswell, 2014). Data were collected between July and October 2025 in Wamena, focusing on MSME actors, cooperative/MSME office staff, and business assistants—selected purposively for their direct involvement in the MSME ecosystem (Yin, 2018).

The primary data collection method was semi-structured, in-depth interviews, conducted face-to-face to explore informants' experiences, perceptions, strategies, and challenges concerning strategic management application and competitiveness. Interviews were complemented by non-participatory direct observations of daily business activities, production, and marketing strategies to capture real practices and validate interview data. Documentation, including MSME profiles, activity reports, and visual evidence, was used to enrich the data and triangulate findings.

Data analysis followed the Miles and Huberman model, comprising data reduction, data presentation, and conclusion drawing with verification. Data reduction involved systematic transcription, coding, and thematic categorization to highlight patterns relevant to strategic management and MSME competitiveness (Miller, 2021). Data presentation used descriptive narratives, thematic tables, and visual diagrams to clarify relationships between strategy implementation and competitiveness outcomes (Miles et al., 2014b). Conclusions were drawn interpretively and verified through triangulation of sources and methods, member checks, and expert consultations to enhance credibility and reflect valid social realities (Miller, 2021).

To ensure validity, several techniques were employed: source and method triangulation to reduce bias and enrich perspectives extended observation periods to capture business dynamics over time; and peer and expert reviews to provide critical feedback and minimize subjective bias (Creswell, 2015).

The research process included preparatory preliminary studies and instrument development based on theoretical frameworks and local context understanding. Data collection integrated interviews, observations, and documentation, providing a holistic and triangulated view of MSME strategic management and its impact on competitiveness. After data analysis and verification, the research findings were systematically reported, revised based on expert input, and finalized to contribute valid insights into MSME development strategies in Jayawijaya.

RESULT AND DISCUSSION

Research Results

1) Implementation of Strategy Management by MSMEs

The results of the interviews show that most MSME actors in Jayawijaya have not implemented formal strategic management. However, some business actors have indirectly carried out simple strategies, including:

a) Local Market Opportunity Analysis, where business actors tend to adapt products to the tastes of the local community and seasonal demand (for example, selling areca nuts during the harvest season).
b) Setting Short-Term Business Goals. Some actors set weekly or monthly sales targets even without written planning.
c) Traditional Promotion Strategies. This strategy relies only on word of mouth, family networks, and traditional markets as a means of promotion.
d) Simple Product Development. This strategy is carried out by a number of MSME actors to try flavor or packaging variations, even though they are not yet oriented towards sustainable innovation.

A small number of MSMEs fostered by the government or religious institutions have begun to be directed to prepare business visions and missions, get to know SWOT, and design simple promotion strategies.

2) Internal and External Factors Affecting Competitiveness

Internal Factors:

a) Low Managerial Capacity: The majority of business actors do not have basic knowledge of financial record-keeping, business planning, and market analysis.
b) Limited Capital and Human Resources: Business capital is sourced from individuals or families, while business management is still carried out alone or with family members.
c) Minimal Product Innovation: MSME products are still conventional and have not been developed to meet the needs of wider consumers.

External Factors:

a) Limited Infrastructure: Limited road access, transportation, and communication networks are the main obstacles to product distribution outside the region.
b) Lack of Access to Technology and Digital Market: The internet is limited only in the center of Wamena, and MSME actors are generally not digitally literate.
c) Limited Government Support: Training and mentoring programs remain uneven and often unsustainable.

3) Strategies to Increase the Competitiveness of MSMEs

Based on the results of observations and interviews, strategies that have the potential to increase the competitiveness of MSMEs in Jayawijaya include:

a) Strengthening Human Resource Capacity: Through basic business management training, entrepreneurship, and simple financial recording training.

b) Utilization of Local Wisdom: Local culture-based products such as noken or Wamena coffee have a high selling value if developed properly.
c) Multi-stakeholder collaboration: There is a need for synergy between cooperative offices, churches, NGOs, and local communities in empowering MSMEs.
d) Simple Technology Application: Starting from using cellphones for sales recording to promotion through WhatsApp or local social media.

Discussion of Research Findings

The results of the research show that although the implementation of formal strategic management is still low, MSME actors in Jayawijaya have great potential to develop. This is in line with the theory of strategic management according to David which states that strategies do not always have to be complex, but can start from basic planning practices and continuous evaluation.

These findings also align with research by Tambunan which emphasized that MSMEs in remote areas often rely on informal management practices rooted in local knowledge and community networks. Similarly, Sari and Yuliana (2022) found that context-specific strategies are more effective than standardized approaches in 3T regions, supporting our findings about the importance of local adaptation.

The study's identification of internal factors (low managerial capacity, limited capital, minimal innovation) resonates with Fatoki's (2014) research on MSME challenges in developing regions, which highlighted similar constraints in South African small enterprises. Beck et al. (2005) also demonstrated that financial and legal constraints significantly impact firm growth, particularly affecting smaller businesses in remote locations.

Regarding external factors, our findings on infrastructure limitations and restricted digital access echo Taneja's (2016) observations about digital divide challenges facing SMEs in emerging markets. The lack of sustainable government support identified in this study mirrors patterns observed by Ayuni et al. (2024) in other Indonesian regions with similar geographical constraints.

The effectiveness of multi-stakeholder collaboration strategy aligns with Porter's competitive advantage framework, which emphasizes the importance of creating value through strategic partnerships. Our findings on the potential of local wisdom-based products support Arifin and Farid's (2020) research on community-based economic development in disadvantaged areas. These findings also support the research results of Yuliana and Sari (2022) which emphasized the importance of locally-based strategies in the development of MSMEs in the 3T region. Dependence on internal resources and local social networks is a strength in itself that needs to be facilitated through continuous mentoring and training.

In addition, external factors such as infrastructure access and government policies are obstacles that must be responded to with adaptive strategies. Community-based development strategies have proven to be more effective in areas such as Jayawijaya because they prioritize the value of solidarity and the local cultural context.

CONCLUSION

Based on the research findings on *strategic management* in enhancing the competitiveness of MSMEs in Jayawijaya Regency, Wamena, it was concluded that most

MSMEs had not formally implemented strategic management, though some intuitively applied simple strategies like adapting products to local demand and setting short-term goals. More systematic strategies tended to be adopted only by MSMEs receiving external support. Competitiveness was influenced by internal factors such as low managerial capacity, limited capital, and lack of innovation, as well as external factors including inadequate infrastructure, limited access to technology and digital markets, and insufficient policy support. Effective strategies identified included human resource capacity building through training, leveraging local wisdom as a product advantage, multi-stakeholder collaboration, and the use of simple technologies for promotion and registration. Recommendations include targeted government policies to improve training, capital access, technical assistance, and infrastructure; encouragement for MSMEs to adopt basic business management practices and networking; and active involvement from NGOs and educational institutions in entrepreneurship education and mentoring tailored to local culture. For future research, deeper quantitative studies measuring competitiveness indicators are suggested to complement this qualitative research, and further exploration of locally based MSME strategies in other disadvantaged 3T regions is recommended.

REFERENCES

Amri, A. F., & Iramani, I. (2018). Pengaruh literasi keuangan terhadap kinerja UMKM di Surabaya. *Journal of Business & Banking, 8*(1). https://doi.org/10.14414/jbb.v8i1.1522

Arifin, Z., & Farid, M. (2020). Pengembangan UMKM berbasis potensi lokal sebagai strategi meningkatkan kesejahteraan masyarakat di daerah tertinggal. *Jurnal Ekonomi Dan Pembangunan, 18*(2), 150–160. https://doi.org/10.29313/jep.v18i2.6583

Aswandy, E., & Mariyanti, T. (2022). Analisa pengaruh teknologi informasi & komunikasi terhadap kewirausahaan dan kinerja UMKM. *Jurnal STEI Ekonomi, 31*(01). https://doi.org/10.36406/jemi.v31i01.624

Ayuni, S., Majid, N., & Baining, M. E. (2024). Pengaruh literasi keuangan terhadap kinerja usaha mikro kecil menengah di Kota Jambi. *Jurnal Pendidikan Tambusai, 8*(1), 14575–14589. https://doi.org/10.31004/jptam.v8i1.14449

Bank Indonesia. (2022). *Laporan profil UMKM nasional dan daerah*. https://www.bi.go.id

Beck, T., Demirguc-Kunt, A., & Maksimovic, V. (2005). Financial and legal constraints to growth: Does firm size matter? *Journal of Finance, 60*(1), 137–177. https://doi.org/10.1111/j.1540-6261.2005.00727.x

Creswell, J. W. (2014). *Research design: Qualitative, quantitative, and mixed methods approaches* (4th ed.). Sage Publications.

Creswell, J. W. (2015). *Educational research: Planning, conducting, and evaluating quantitative and qualitative research* (5th ed.). Pearson Education.

Fatoki, O. (2014). The causes of the failure of new small and medium enterprises in South Africa. *Mediterranean Journal of Social Sciences, 5*(20), 922–927. https://doi.org/10.5901/mjss.2014.v5n20p922

Fauzi, A. A., & Sheng, M. L. (2022). The digitalization of micro, small, and medium-sized enterprises (MSMEs): An institutional theory perspective. *Journal of Small Business Management, 60*(6). https://doi.org/10.1080/00472778.2020.1745536

Miles, M. B., Huberman, A. M., & Saldaña, J. (2014). *Qualitative data analysis: A methods sourcebook* (3rd ed.). SAGE Publications.

Miller, D. (2021). *Sustainable development and education*. Routledge.

Moelrine, A. F., & Syarif, R. (2022). Pengaruh pengetahuan kewirausahaan, karakteristik kewirausahaan dan kompetensi kewirausahaan terhadap keberhasilan UMKM Desa Bojong Kulur. *IKRAITH-EKONOMIKA, 6*(1). https://doi.org/10.37817/ikraith-ekonomika.v6i1.2475

Nizam, M. F., Mufidah, E., & Fibriyani, V. (2020). Pengaruh orientasi kewirausahaan inovasi produk dan keunggulan bersaing terhadap pemasaran UMKM. *Jurnal EMA, 5*(2). https://doi.org/10.47335/ema.v5i2.55

Nursini, N. (2020). Micro, small, and medium enterprises (MSMEs) and poverty reduction: Empirical evidence from Indonesia. *Development Studies Research, 7*(1), 153–166.

Prabowo, A. (2015). *Peran kearifan lokal dalam sektor ekonomi kreatif*. Penerbit Kreatif.

Prastiwi, N. L. P. E. Y., Ningsih, L. K., & Suardika, K. (2019). Pola pikir dan perilaku kewirausahaan UMKM di Buleleng, Bali. *Jurnal Ilmiah Manajemen Dan Bisnis, 4*(1). https://doi.org/10.38043/jimb.v4i1.2159

Republik Indonesia. (2008). *Undang-Undang Nomor 20 Tahun 2008 tentang Usaha Mikro, Kecil, dan Menengah*. https://peraturan.bpk.go.id/

Saied, M., Atika, N., Sayudin, S., Sagita, B., Astuti, A. W., & Muharram, A. (2023). Exploration of innovation strategies in business management: Enhancing sustainability and organizational growth in the digital economic era. *Riwayat: Educational Journal of History and Humanities, 6*(3), 1739–1744.

Sarvitri, A., & Sunandar, A. (2020). Otonomi pendidikan tinggi dan pembiayaannya: Antara kemajuan dan komersialisasi pendidikan (Tinjauan terhadap UU Nomor 12 Tahun 2012 tentang Pendidikan Tinggi). *JUDIKA (Jurnal Pendidikan UNSIKA), 8*(1). https://doi.org/10.35706/judika.v8i1.1935

Sondakh, J., Pondaag, A. H., Singal, R., Assa, W., Soputan, M., Gosal, V. J., & Karamoy, R. V. (2023). Legal effectiveness of guaranteeing ease of practicing business for micro, small, and medium enterprises (MSMEs) in capital and licensing in Indonesia. *The International Journal of Social Sciences World (TIJOSSW), 5*(1), 260–268.

Taneja, S. (2016). Marketing challenges faced by small and medium enterprises (SMEs) in digital age. *International Journal of Management and Applied Science, 2*(3), 25–30.

Tumiwa, J., & Nagy, A. (2021). Micro, small, and medium enterprises in emerging economies and economic transition: A comparative study between Indonesia and Hungary. *International Journal of Entrepreneurship and Small Business, 43*(1), 22–38.

Wheelen, T. L., & Hunger, J. D. (2012). *Strategic management and business policy: Toward global sustainability* (13th ed.). Pearson.

Yin, R. K. (2018). *Case study research: Design and methods* (6th ed.). Sage Publications.