

MSME competitiveness and development strategies in Gorontalo, Indonesia: an integrated SWOT-IE matrix study

Abdul Latif, Adelin Thayeb*, Hasana Rahim, Viona Makalalag

Institut Agama Islam Negeri Sultan Amai Gorontalo, Gorontalo, Indonesia

*Correspondence author: thayebadelin@gmail.com

DOI: <https://doi.org/10.65881/ecobiztech.v1i2.65>

ARTICLE INFO

History:

Received: 05-04-2026

Revised: 05-08-2026

Accepted: 05-09-2026

Published: 05-15-2026

Keywords:

msmes;
competitiveness;
swot analysis;
ie matrix;
digitalization.

ABSTRACT

Purpose: to analyze the competitiveness of MSMEs in Gorontalo province based on internal and external factors using SWOT and IE Matrix analysis, as well as to formulate appropriate development strategies to improve business sustainability and regional economic growth.

Method: this study employed a quantitative descriptive approach conducted in several districts and cities in Gorontalo province. Data were collected from 120 MSME owners through questionnaires, interviews, and documentation. The data were analyzed using SWOT analysis and the Internal-External (IE) Matrix to identify internal and external strategic factors and determine appropriate MSME development strategies.

Findings: MSMEs in Gorontalo province have strong internal potential but still face challenges in capital access, digital adoption, and managerial capability. The IE Matrix placed MSMEs in the “grow and build” position, indicating the need for growth-oriented strategies to enhance competitiveness and sustainability.

Implications: strengthening digitalization, managerial capacity, and market expansion is essential to improve the competitiveness and sustainability of MSMEs in Gorontalo province.

Originality: lies in integrating SWOT and IE Matrix analyses to comprehensively examine the competitiveness and strategic position of MSMEs in Gorontalo province.



Open access article under CC-BY-SA license.



Introduction

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector that plays a vital role in supporting Indonesia's national and regional economies (Hidayat et al., 2025). MSMEs not only contribute to increasing Gross Domestic Product (GDP) but also serve as job providers, drivers of the local economy, and instruments in reducing social and economic disparities (Tadeo et al., 2023). In the regional context, MSMEs are an

economic sector capable of surviving amidst economic uncertainty and changing market dynamics (Erlangga et al., 2024). In Gorontalo province, MSMEs thrive across sectors such as trade, culinary arts, crafts, and services, directly supporting the local community's economic activities (Ariawan et al., 2025). According to data from the Gorontalo province Cooperatives and MSMEs Office in 2023, there were more than 82.732 active MSMEs spread across various regencies and cities in Gorontalo province (Musa, 2024).

Although the number of MSMEs in Gorontalo continues to increase, their competitiveness still faces various complex challenges. The main problems include limited business capital, limited access to formal financing, limited marketing networks, low utilization of digital technology, and suboptimal human resource quality (Talip & Wasiuzzaman, 2024). These conditions hinder the sustainability of most MSMEs' development and their inability to compete with products from outside the region and large-scale industries. This phenomenon is increasingly evident as consumer behavior shifts toward digitalization and online platform-based transactions. While digital transformation opens broader market opportunities for local MSMEs, many MSMEs in Gorontalo are not yet prepared to capitalize on them (Karundeng & Suyanto, 2025).

Various previous studies have discussed strategies for developing and enhancing MSME competitiveness. Research by Junaidi et al. (2025) emphasized that increasing managerial capacity, access to financing, and digital literacy are crucial factors in strengthening MSME competitiveness. Furthermore, Azzahra & Nawawi (2025) emphasized the importance of government policy support for local MSMEs to survive and grow amid increasingly competitive economic conditions. Other research also indicates that MSME development strategies need to consider both internal and external business conditions to ensure more targeted policies (Aggarwal & Joshi, 2024). However, most of these studies are general in nature and have not specifically examined the competitiveness of MSMEs in Gorontalo province. Furthermore, previous research tends to focus on specific aspects, such as financing or digitalization, without conducting a comprehensive strategic mapping of the strengths, weaknesses, opportunities, and threats facing regional MSMEs.

Based on these conditions, there is a research gap in the limited number of empirical studies that comprehensively analyze the competitiveness of MSMEs in Gorontalo province using a strategic approach based on internal and external factors. Therefore, this study offers a novel approach by mapping the strategic position of MSMEs in Gorontalo Province using a SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and an IE (Internal-External) matrix. This approach enables the systematic identification of MSMEs' actual conditions, thereby facilitating the formulation of more contextual, realistic, and regionally appropriate development strategies (Dini & Janet, 2024).

This study aims to analyze the competitiveness of MSMEs in Gorontalo province, based on internal and external factors, and to formulate relevant development strategies to improve business sustainability and MSMEs' contribution to regional economic growth. This research is important because MSMEs have a strategic position in strengthening the regional economic structure, especially in facing the challenges of globalization, digital transformation, and increasingly open market competition. The research is expected to provide theoretical and practical contributions. Theoretically, this research can enrich studies on strategies for developing MSME competitiveness through SWOT analysis and the IE matrix in the regional context. In practice, the results of this study are expected to inform local governments, business actors, and academics

in formulating policies and programs for MSME empowerment that are more effective, sustainable, and aligned with the needs of MSMEs in Gorontalo province.

Literature review

Competitiveness theory

Competitiveness is the main theoretical framework for this research. Competitiveness is a business's ability to produce products or services that have greater value than competitors', thereby enabling it to survive and thrive in the market. Porter (1990) explains that competitiveness is influenced by productivity, innovation, efficiency, product quality, and the ability to adapt to changes in the business environment. In the context of MSMEs, competitiveness can be seen from the ability of business actors to improve product quality, expand market access, implement innovation, utilize digital technology, and maintain business sustainability. A high level of MSME competitiveness will improve the business's ability to compete in local, national, and global markets.

Resource-Based View (RBV)

The RBV explains that a business's competitive advantage stems from internal resources that are owned and managed effectively. Barney (1991) stated that resources capable of creating competitive advantage must possess the characteristics of being valuable, rare, inimitable, and non-substitutable (VRIN). In the context of MSMEs, these resources include human resource quality, managerial skills, product innovation, business experience, marketing networks, and technology utilization. Therefore, MSMEs' ability to manage internal resources is a crucial factor in determining business competitiveness.

Micro, Small, and Medium Enterprises (MSMEs)

MSMEs are a strategic sector that plays a vital role in supporting national and regional economic growth. According to Law Number 20 of 2008, MSMEs are productive businesses owned by individuals or business entities that meet specific criteria based on the number of assets and business turnover. MSMEs play a significant role in creating jobs, increasing community income, reducing poverty, and strengthening local economies (Audina et al., 2024). Regionally, MSMEs are relatively resilient amid economic uncertainty due to their high business flexibility and ability to adapt to market needs. In Gorontalo province, MSMEs are a key driver of economic activity, particularly in the trade, culinary, craft, and service sectors.

External business environment

In addition to internal factors, MSME competitiveness is influenced by the external business environment. The external environment encompasses various factors outside the organization that can present opportunities and threats to business development, such as economic conditions, government policies, technological developments, market competition, and changes in consumer behavior (Cakir et al., 2025). Changes in consumer consumption patterns, which increasingly favor the use of digital platforms, create new opportunities for MSMEs to expand their markets through online marketing and e-commerce (Gao et al., 2023). However, these developments also pose a threat to MSMEs that have not been able to adapt to digital transformation and product competition from outside the region.

Business strategy

In formulating MSME development strategies, this study uses business strategy theory. Strategy is a series of decisions and actions designed to achieve long-term organizational goals by optimizing resource utilization and adapting to the business environment. David et al. (2017) explains that business strategy aims to increase competitive advantage and maintain business sustainability. In MSMEs, development strategies can be implemented through improving product quality, business innovation, strengthening digital marketing, increasing human resource capacity, and developing business partnerships. The right strategy will help MSMEs improve their competitiveness and expand market opportunities.

SWOT theory

SWOT analysis is a method used to analyze internal factors in the form of Strengths and Weaknesses, as well as external factors in the form of Opportunities and Threats (Puyt et al., 2025). This analysis helps understand the overall business position, enabling strategies that are appropriate to MSMEs' actual conditions to be formulated. Through the SWOT matrix, development strategies can be classified into SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats) strategies. This approach enables the development of more systematic and targeted strategies to enhance the competitiveness of MSMEs in Gorontalo province.

IE matrix

The Internal–External Matrix (IE Matrix) is a tool for determining the strategic position of MSMEs based on a combination of internal and external factors (Suhendah et al., 2022). The IE Matrix is derived from an evaluation of internal and external factors. Using the IE Matrix, MSME positions can be categorized into grow-and-build, hold-and-maintain, or harvest-and-divest strategies. The use of the IE Matrix provides a clearer picture of MSMEs' competitive conditions and the development strategies that need to be prioritized.

Digitalization of MSMEs

In facing the development of the digital economy, the theory of MSME digitalization is also an important part of this research. Digitalization is the process of utilizing digital technology in business activities, such as online marketing, social media, digital transactions, and marketplaces (Telukdarie et al., 2023). Digitalization can increase business efficiency, expand market access, and strengthen consumer relationships. However, low digital literacy and limited access to technology remain major obstacles for some MSMEs, particularly in the regions. Therefore, increasing digital capacity is a crucial strategy for enhancing the competitiveness of MSMEs in Gorontalo province.

Method

This study uses a descriptive, quantitative approach to systematically and objectively analyze the competitiveness of MSMEs in Gorontalo province, based on empirical field data. The descriptive approach provides an overview of the current condition of MSMEs, while the quantitative approach measures and analyzes factors influencing MSME competitiveness using statistical data analysis. The study was conducted from January to March 2025 in several administrative areas in Gorontalo

province, including Gorontalo regency, Gorontalo city, Bone Bolango regency, Pohuwato regency, and North Gorontalo regency. The selection of these areas was based on the high activity of MSMEs and the representation of developing business sectors in Gorontalo province.

The population in this study was all MSMEs registered with the Cooperatives and MSMEs Office of Gorontalo province. Based on the latest data, the number of active MSMEs stands at approximately 82,732 business units across various districts and cities. Given the large population, this study used a purposive sampling approach, namely one based on criteria tailored to the research objectives. The respondent criteria included: (1) MSMEs have been operating for at least two years, (2) have business legality, at least a Business Identification Number or Micro and Small Business Permit, and (3) are willing to be research respondents. Based on these criteria, 120 MSMEs were selected to represent the condition of MSMEs in Gorontalo province.

Data collection techniques included distributing questionnaires, in-depth interviews, and documentation studies. The questionnaire served as the primary instrument for obtaining quantitative data on internal and external factors influencing MSME competitiveness. In-depth interviews were also conducted with 10 selected MSME actors and 2 officials from the Gorontalo Provincial Cooperatives and MSMEs Office, serving as key informants. These interviews aimed to strengthen the quantitative findings and provide a more in-depth explanation of the conditions and strategies for MSME development in the region. Documentation studies were conducted through a review of various written sources, including scientific journals, government reports, statistical data, and other reliable references relevant to the research.

The questionnaire was developed based on indicators of MSME competitiveness, encompassing two main aspects: internal and external factors. Internal factors comprise strengths and weaknesses, such as product quality, innovation capabilities, financial management, human resource capacity, and the use of digital technology. External factors, meanwhile, encompass opportunities and threats, such as government policies, market developments, digitalization trends, competitive conditions, and changes in consumer behavior. Each indicator is measured using a five-point Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree), to assess respondents' perceptions of each factor.

The data analysis technique in this study uses SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis and the Internal-External (IE) Matrix. SWOT analysis is used to identify and evaluate internal and external factors that influence MSME competitiveness. The analysis stage begins with identifying strategic factors, determining the weight and rating for each indicator, and calculating the total score for internal and external factors. The results of these calculations are then used to compile a SWOT matrix to formulate alternative MSME development strategies, including SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats) strategies. Next, the IE matrix is used to determine the strategic position of MSMEs.

To ensure the validity and reliability of the data, this study employed source triangulation techniques by comparing data obtained from questionnaires, interviews, and documentation. Furthermore, quantitative data were tested through validity and reliability tests to ensure the consistency and accuracy of the research instruments in measuring the variables studied. All data processing and analysis were conducted using SPSS and Microsoft Excel software to facilitate tabulation, score calculation, and interpretation of the research results. With this approach, this study is expected to

provide a comprehensive overview of MSME competitiveness in Gorontalo province and to generate recommendations for development strategies that are relevant, applicable, and in line with regional characteristics.

Results and discussion

To identify the strategic conditions of MSMEs in Gorontalo province, this study uses a SWOT analysis to examine internal and external factors that influence business competitiveness. This analysis includes identifying the strengths, weaknesses, opportunities, and threats faced by MSMEs. Using the SWOT matrix, various alternative development strategies can be formulated that are appropriate to MSMEs' actual conditions, both for exploiting opportunities, overcoming weaknesses, addressing threats, and strengthening business advantages. The results of the identification of these strategic factors are presented in Table 1.

Table 1 SWOT matrix of MSMEs in Gorontalo province

Internal factors	External factors	Opportunities (O)	Threats (T)
Strengths (S)	- Operational flexibility - Owner involvement - Focus on the local market	SO Strategy Leveraging flexibility to enter locally-based e-commerce. Strengthening partnership networks through government programs.	ST Strategy Increasing cost efficiency to compete with foreign products. Leveraging owner involvement to address the threat of a narrow market.
Weaknesses (W)	- Minimal access to capital - Low technology - Limited management	WO Strategy Management and digitalization training through government support. Incubation programs with the private sector.	WT Strategy Product diversification to reduce market dependence. Digitization for long-term efficiency and competitiveness.

Source: primary data, processed

Based on Table 1, strategies in a SWOT analysis are divided into four main categories used to determine the direction of business development. SO (Strengths-Opportunities) strategies are aggressive strategies that leverage all internal strengths to seize and maximize available external opportunities. WO (Weaknesses-Opportunities) or turnaround strategies aim to overcome internal weaknesses by leveraging existing opportunities, thereby minimizing business weaknesses. Furthermore, ST (Strengths-Threats) strategies are diversification strategies that leverage internal strengths to address, reduce, or avoid threats from the external environment. Meanwhile, WT (Weaknesses-Threats) strategies are defensive strategies that focus on reducing weaknesses while avoiding threats, enabling the business to survive in a competitive, uncertain business environment.

The SWOT matrix shows that MSMEs in Gorontalo province possess several key strengths, such as operational flexibility, direct owner involvement, and a focus on the local market, which can be leveraged to address external opportunities and threats. The SO strategy allows MSMEs to leverage business flexibility to expand marketing through locally based e-commerce platforms and to strengthen partnership networks through government program support. Furthermore, the ST strategy emphasizes leveraging internal strengths to address threats, such as increasing production cost efficiency to compete with products from outside the region and leveraging the direct involvement of

business owners to address market constraints. On the other hand, MSMEs also face several weaknesses, including limited access to capital, low technology utilization, and limited managerial skills. Therefore, the WO strategy focuses on increasing MSME capacity through management training and digitalization with government support, as well as developing incubation programs with the private sector. Meanwhile, the WT strategy is implemented defensively through product diversification to reduce dependence on specific markets, and through digitalization to increase business efficiency and strengthen MSME competitiveness in the long term..

To determine the level of competitiveness of MSMEs in Gorontalo province, this study analyzed internal and external factors that influence business development. Internal factors consist of strengths and weaknesses, while external factors include opportunities and threats. Assessments were conducted using a Likert scale from 1 to 5 based on respondents' perceptions of each indicator. The results of data processing in the form of average values (mean), standard deviations, and assessment categories for each indicator are presented in Table 2. The assessment in Table 2 uses the average Likert score (1–5) to measure respondents' perceptions of each MSME competitiveness indicator. The assessment category classification consists of five levels: 4.21–5.00 is the very high category, 3.41–4.20 is the high category, 2.61–3.40 is the fair category, 1.81–2.60 is the low category, and 1.00–1.80 is the very low category. The grouping of these categories is used to facilitate the interpretation of research results and to determine the levels of strengths, weaknesses, opportunities, and threats that influence the competitiveness of MSMEs in Gorontalo province.

Table 2 factors of competitiveness of MSMEs in Gorontalo

Variable	Indicator	Mean	Standard deviation	Category
Strengths	Product quality	4.21	0.53	High
	Owner involvement	4.45	0.48	Very high
	Operational flexibility	4.10	0.62	High
Weaknesses	Access to capital	2.83	0.72	Low
	Managerial capabilities	3.05	0.65	Fair
	Digital technology adoption	2.76	0.58	Low
Opportunities	Government policy support	4.00	0.70	High
	E-commerce trends	3.90	0.64	High
	Private partnerships	3.45	0.68	Fair
Threats	Competition from outside the region	3.20	0.75	Fair
	Local market dependence	3.05	0.80	Fair

Source: primary data, processed

Table 2 shows that strengths are the most dominant aspect in supporting the competitiveness of MSMEs in Gorontalo province. The business owner involvement indicator obtained the highest average value of 4.45, categorized as very high, with a standard deviation of 0.48. These results indicate that most MSMEs in Gorontalo are directly involved in business management, from production and marketing to business decision-making. This direct involvement provides benefits such as more intensive supervision, greater flexibility in decision-making, and the ability to adapt the business to local market needs. In addition, the product quality indicator obtained a mean value of 4.21, which is categorized as high, indicating that MSMEs have been able to maintain product quality to maintain consumer demand. Meanwhile, operational flexibility obtained an average value of 4.10, categorized as high, indicating that MSMEs are

relatively easy to adapt to changes in market demand and business environmental conditions.

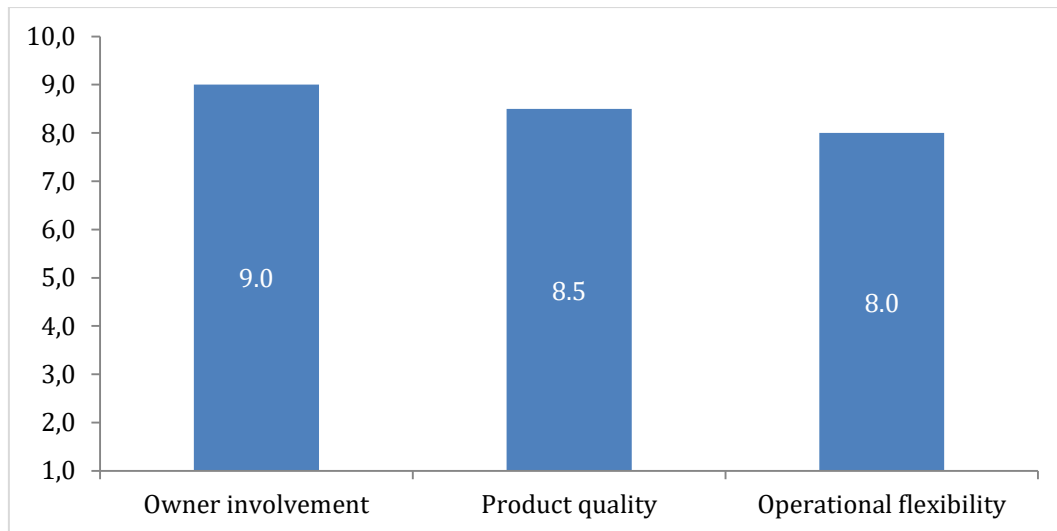


Figure 1 diagram of the strengths of MSMEs in Gorontalo province

Figure 1 shows the strengths of MSMEs in Gorontalo province, measured on a scale of 1–10, with each indicator converted from questionnaire data. The analysis revealed that owner involvement achieved the highest score of 9.0, indicating that MSME owners play a very dominant role in business management and decision-making. Furthermore, product quality received a score of 8.5, indicating that MSME products in Gorontalo are considered high quality and capable of meeting consumer needs. Meanwhile, operational flexibility achieved a score of 8.0, indicating that MSMEs have a high degree of adaptability in adjusting operational activities to changing market conditions. These results indicate that the primary strength of MSMEs in Gorontalo province lies in the active involvement of business owners, followed by product quality and operational flexibility, which are key supporting factors in increasing business competitiveness.

Table 2 also shows the weakness factor. The results of the study indicate that the adoption of digital technology is the main weakness of MSMEs in Gorontalo province, with a mean value of 2.76 and a standard deviation of 0.58, which falls in the sufficient to low category. This condition indicates that most MSMEs are still not fully utilizing digital technologies, such as online marketing, social media, and e-commerce platforms, in their business activities. In addition, access to capital is a significant obstacle, with a mean of 2.83 and a standard deviation of 0.72. Limited access to formal financing constrains many MSMEs' business development, production capacity, and product innovation. On the other hand, managerial ability had a mean of 3.05 in the sufficient category, indicating that some business actors still need to strengthen their capacity in financial management, business planning, and marketing strategies to develop their businesses more professionally and sustainably.

Figure 2 shows the results of the MSME weaknesses in Gorontalo province, measured on a scale of 1–10. Based on these results, managerial capabilities received the highest score of 9.0, indicating that they remain a major challenge that requires attention in business management. Furthermore, access to capital was at 8.5, indicating that limited access to capital remains quite high and is an obstacle to MSME business development. Meanwhile, the adoption of digital technology received a score of 8.0,

indicating that MSMEs' use of digital technology remains relatively low. These results indicate that the main weaknesses of MSMEs in Gorontalo province lie in managerial aspects, limited capital, and low adoption of digital technology, all of which need to be improved to strengthen business competitiveness.

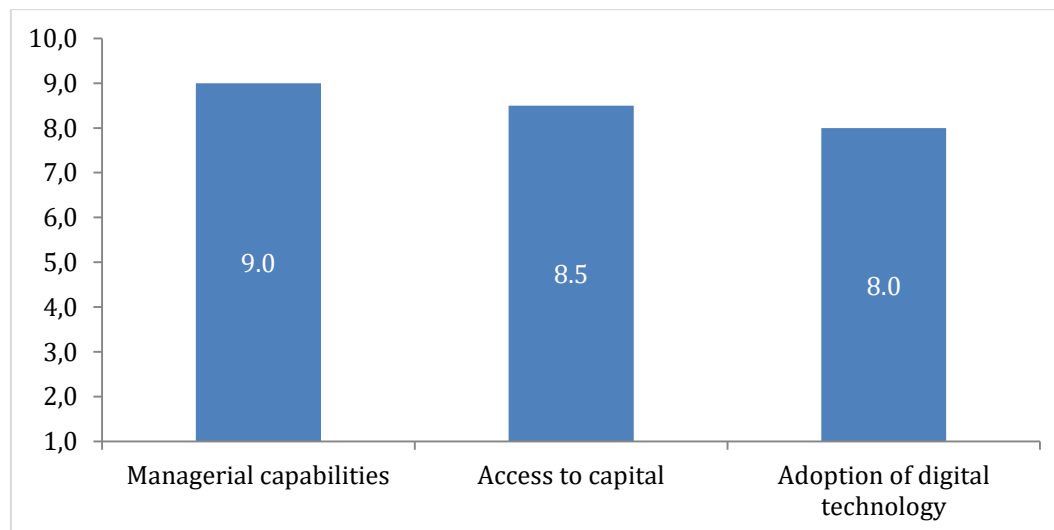


Figure 2 diagram of the weaknesses of MSMEs in Gorontalo province

Table 2 also shows that government policy support is the greatest opportunity for MSME development in Gorontalo province, with a mean of 4.00 and a standard deviation of 0.70, which is categorized as high. This indicates that government programs, such as financial assistance, business training, and MSME mentoring, are highly effective in developing community businesses. Furthermore, the development of e-commerce trends also provides significant opportunities, with an average value of 3.90, categorized as high. Changes in consumer behavior, increasingly moving towards digital transactions, open up opportunities for MSMEs to expand their markets beyond the local area. Meanwhile, partnership opportunities with the private sector had a mean value of 3.45, categorized as sufficient, indicating that cooperation between MSMEs and the private sector still needs improvement to expand business networks, product distribution, and broader market access.

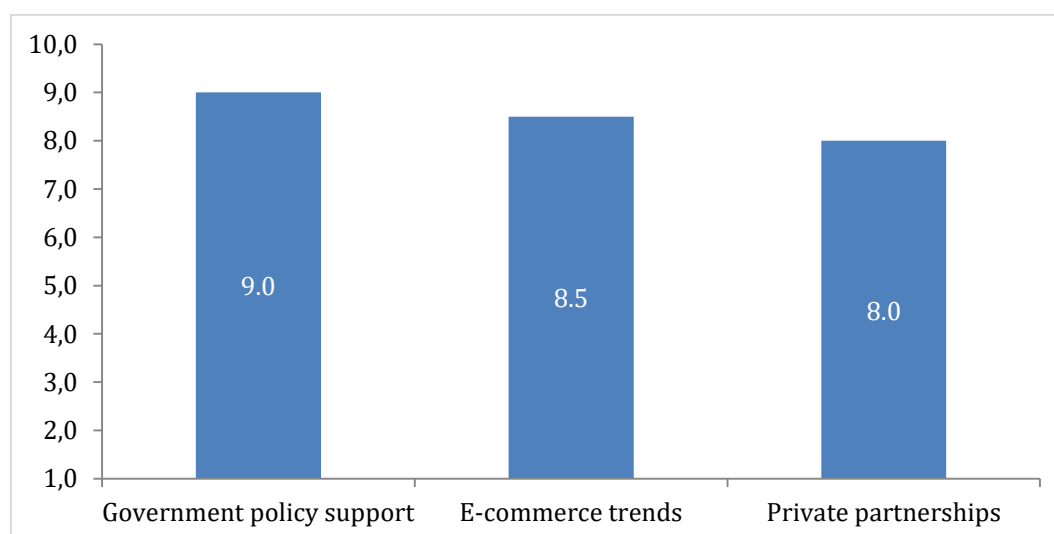


Figure 3 diagram of the opportunities of MSMEs in Gorontalo province

Figure 3 shows the results of opportunity factors influencing the development and competitiveness of MSMEs in Gorontalo province on a scale of 1–10. Based on these results, government policy support received the highest score of 9.0, indicating that government programs such as financial assistance, business training, mentoring, and facilitation of business legality are considered to play a significant role in supporting MSME development. Furthermore, e-commerce trends received a score of 8.5, indicating that the development of digital commerce and changes in consumer behavior towards online transactions provide significant opportunities for MSMEs to expand their markets and increase sales. Meanwhile, private partnerships or partnerships with the private sector received a score of 8.0, indicating that cooperation with the private sector is also a significant opportunity in expanding business networks, product distribution, and market access. These results indicate that government support, e-commerce development, and private partnerships are strategic opportunities for MSMEs in Gorontalo province to increase competitiveness and business sustainability.

Table 2 also shows that the threat factor, product competition from outside the region, had a mean of 3.20, a moderate level, and a standard deviation of 0.75. This indicates that MSMEs in Gorontalo face significant competitive pressure from foreign products that offer stronger quality, greater variety, and more effective marketing. Furthermore, dependence on the local market is also a significant threat, with a mean value of 3.05 and a standard deviation of 0.80. This dependence makes MSMEs vulnerable to changes in local purchasing power and limited market reach. Therefore, a development strategy is needed to expand market access, improve product quality, and strengthen MSMEs' digital capabilities so they can compete more effectively at the regional and national levels. In general, the results indicate that business owner involvement is a key strength of MSMEs in Gorontalo province, while low adoption of digital technology is a major weakness that requires special attention. On the other hand, government policy support and the development of e-commerce provide significant opportunities for MSMEs, while competition from products from outside the region and dependence on local markets pose threats that need to be addressed through more targeted, sustainable competitiveness-strengthening strategies.

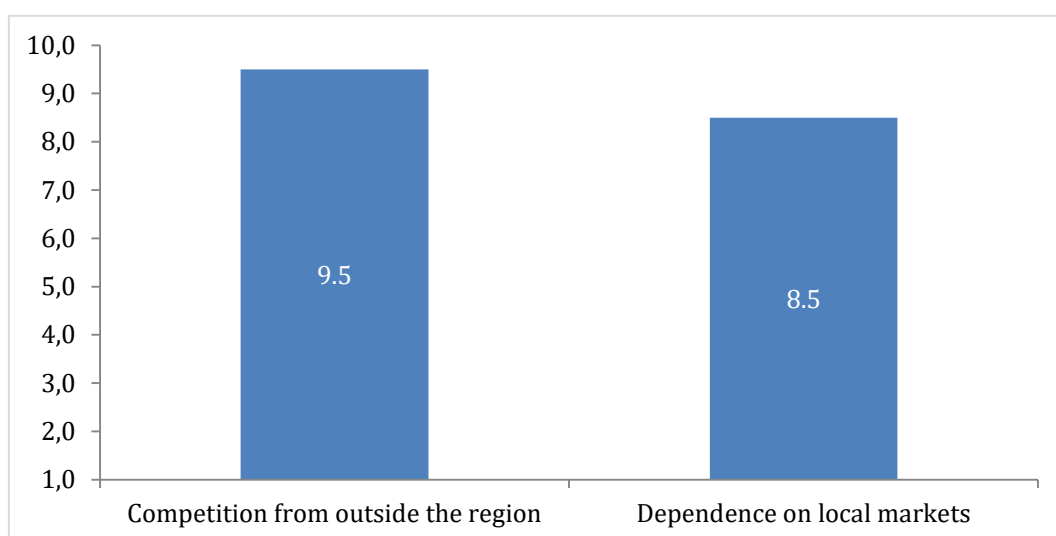


Figure 4 diagram of the threats of MSMEs in Gorontalo province

Figure 4 shows the threats faced by MSMEs in Gorontalo province on a scale of 1–10. Based on these results, competition from outside the region, or product competition

from outside the region, received the highest score of 9.5, indicating that MSMEs in Gorontalo face quite strong competitive pressure from foreign products with higher quality, variety, prices, and marketing strategies. This condition poses a serious challenge for local MSMEs, as they struggle to maintain market share and improve product quality to remain competitive. Furthermore, dependence on local markets received a score of 8.5, indicating that most MSMEs still rely on local consumers, making them vulnerable to changes in purchasing power and limited market reach. These results indicate that external competition and dependence on local markets are the main threats that must be anticipated through strategies to strengthen product quality, expand markets, and leverage digital technology to increase MSME competitiveness in Gorontalo province.

Strengths

The results of the study indicate that the main strengths of MSMEs in Gorontalo province lie in operational flexibility, direct involvement of business owners, and the ability to maintain product quality that meets local market needs. Based on the results in Table 2, the owner involvement indicator obtained the highest score with a mean of 4.45 and is categorized as very high, while product quality and operational flexibility obtained mean scores of 4.21 and 4.10, respectively, in the high category. These findings indicate that MSMEs in Gorontalo have a strong internal capacity to maintain business continuity amid market dynamics and resource constraints. From the perspective of the Resource-Based View (RBV), these conditions indicate that owner involvement, business flexibility, and product quality are valuable internal resources that are difficult for competitors to imitate because they are inherent to local business characteristics (Barney, 1991). These advantages are important capital in creating sustainable business competitiveness.

Operational flexibility is a key strength of MSMEs in Gorontalo, enabling them to quickly adjust production capacity, product types, and marketing strategies to meet changing consumer needs. Unlike large companies, which tend to have complex organizational structures and bureaucracies, MSMEs can more easily adjust their operations without lengthy administrative processes. This is evident in culinary and craft businesses in Gorontalo, which can adapt their products to local market trends and seasonal demand. According to Porter's (1990) theory of competitiveness, the ability to adapt to changes in the business environment is a crucial factor in maintaining a competitive advantage. This research finding aligns with Erlangga's et al. (2024) research, which states that business flexibility provides advantages for MSMEs in the face of market uncertainty and changing consumer consumption patterns. Yani's et al. (2025) research also confirms that operational flexibility enables MSMEs to increase business efficiency and maintain business sustainability amidst increasingly dynamic competition.

In addition to business flexibility, the direct involvement of owners in business management is a major factor supporting the competitiveness of MSMEs in Gorontalo province. Research shows that most business owners are directly involved in production, marketing, product quality control, and business decision-making. This involvement increases efficiency by enabling communication and decision-making to be carried out quickly without relying on a complex management structure. According to David's et al. (2017) business strategy theory, the active involvement of business leaders can enhance the effectiveness of strategic decision-making and strengthen the business's ability to adapt to changes in the external environment. This finding is also

supported by Subramanian & Suresh (2022), who stated that the direct involvement of business owners can improve oversight of business operations, leading to more efficient resource use. Research by Elizabeth et al. (2025) found that owner involvement in MSMEs creates a strong emotional commitment to business sustainability, especially in maintaining customer relationships and product quality.

Product quality is also a significant strength of MSMEs in Gorontalo Province. A mean score of 4.21 indicates that most respondents consider MSME products to be of good quality and capable of meeting consumer needs. MSME products in Gorontalo generally possess local characteristics that reflect regional culture and potential, such as traditional culinary products, locally based crafts, and processed regional foods. These unique products provide added value that competitors outside the region cannot easily imitate. According to Porter's (1990) theory of competitiveness, product differentiation is a crucial strategy for creating a competitive advantage. This study's findings align with Nazara's (2025) research, which states that product quality and differentiation based on local cultural identity can increase consumer loyalty to MSME products. Sonani's et al. (2025) research also shows that product innovation rooted in local culture provides MSMEs with a unique identity, thereby strengthening their position in regional market competition.

The strength of MSMEs in Gorontalo is also evident in the social closeness between business actors and local consumers. Strong social relationships create high levels of customer loyalty, helping MSMEs maintain market share amidst competition from products from outside the region. This aligns with social capital theory, which explains that social relationships, trust, and community networks can be strategic resources in supporting business sustainability. Wang et al. (2024) explains that social capital positively influences micro-enterprise resilience by fostering more stable, mutually supportive business relationships. Research by Sonani et al. (2025) also found that emotional closeness with local consumers is one factor strengthening MSMEs' position in maintaining domestic market share.

However, the internal strengths of MSMEs in Gorontalo province have not been fully utilized due to limited support for management training, digital technology development, and access to business financing. Many MSMEs still rely on personal experience in business management without adequate managerial skills. Furthermore, the use of digital technology in marketing and business development remains low, thereby underutilizing broader market potential. Therefore, more systematic interventions are needed through training programs, business mentoring, and strengthening digital literacy so that MSMEs' internal strengths can develop into sustainable competitive advantages. This finding is supported by Octaviani et al. (2025), who emphasized that strengthening MSMEs' internal capacity through digital transformation and improving managerial skills is crucial for enhancing business competitiveness in the digital economy era.

Weaknesses

The results of the study indicate that the main weaknesses of MSMEs in Gorontalo province include limited access to business capital, low adoption of digital technology, and weak managerial capabilities among business actors. Based on Table 2, the digital technology adoption indicator had the lowest mean of 2.76 in the low category, while access to capital had a mean of 2.83, and managerial capability had a mean of 3.05. These results indicate that most MSMEs still face serious internal obstacles to increasing business capacity and competitiveness amid the development of

the digital economy and increasingly competitive markets. From the perspective of the Resource-Based View (RBV) theory, limited internal resources such as capital, technology, and managerial capabilities make it difficult for MSMEs to create a sustainable competitive advantage because the resources they have cannot be managed optimally to generate added value for the business (Barney, 1991).

Limited capital is one of the most dominant weaknesses faced by MSMEs in Gorontalo province. Most entrepreneurs still rely on personal capital, family loans, or informal financing to run their businesses because obtaining credit from formal financial institutions is difficult. Poor business administration skills, the absence of systematic financial reporting, and limited collateral are key factors hindering access to financing. As a result, many MSMEs struggle to increase production capacity, expand their businesses, or innovate. In business strategy theory, limited capital can hinder business development because companies lack the capacity to make long-term investments or increase production efficiency (David et al., 2017). This study's findings align with Amadasun & Mutezo (2022) research, which finds that limited access to financing is a key factor in MSMEs' low expansion capacity in the region. Research by Saifurrahman & Kassim (2024) also shows that most MSMEs in Gorontalo province are unable to meet banking administrative requirements, thereby limiting access to formal financing.

Limited capital also limits MSMEs' ability to compete with products from outside the region that have larger production capacities, more stable product quality, and more advanced technological support. Many MSMEs in Gorontalo have not been able to purchase more efficient production equipment due to limited business funds. This condition results in relatively high production costs and low business productivity. In Porter's (1990) theory of competitiveness, productivity and production efficiency are important factors in determining a business's competitiveness. This finding is supported by Mukherjee & Mukherjee (2022), who explained that limited capital makes it difficult for MSMEs to move up the business value chain and hinders the modernization of production. Research by Junaidi et al. (2025) also emphasized that limited financial resources can weaken MSMEs' ability to maintain competitiveness amid increasingly competitive market pressures.

Besides limited capital, the low adoption of digital technology is the most significant weakness in this study. The results show that most MSMEs in Gorontalo province still operate conventionally and have not optimally utilized digital technology, either in marketing, business transactions, or operational management. Many business actors have not yet used marketplaces, business social media, digital payment systems, or financial record-keeping applications in their daily operations. This condition limits MSMEs' market reach to the local environment and makes it difficult for them to compete with businesses that have fully digitized. In the theory of MSME digitalization, the use of digital technology can increase business efficiency, expand market access, and strengthen relationships with consumers through online marketing (Titin et al., 2024). This study's findings align with research by Gao et al. (2023), which found that the use of e-commerce and digital marketing positively affects MSME competitiveness. Research by Aditia et al. (2025) also shows that implementing digital marketing can increase product visibility and expand the MSME market post-pandemic.

The low adoption of digital technology among MSMEs in Gorontalo is also influenced by limited digital literacy and unequal access to technological infrastructure. Some business areas still experience limited stable internet connections, hindering the use of digital platforms in business activities. Furthermore, some business owners still perceive digital technology as expensive and as requiring specialized skills that are

difficult to acquire. This situation has slowed the digital transformation of MSMEs. Research by Rujitoningtyas et al. (2025) explains that low digital literacy is a major obstacle for MSMEs in underdeveloped areas in exploiting digital economic opportunities. Prabowo et al. (2024) also found that many novice MSMEs lack an understanding of using marketplaces for marketing and distributing products.

Another significant weakness is the low managerial skills of MSMEs. Research shows that most business owners lack adequate skills in financial management, business strategy development, cash flow management, and long-term business planning. Many MSMEs still operate based on practical experience without the support of a structured management system. As a result, business owners often struggle to control production costs, determine marketing strategies, and manage business risks. In David's (2017) business strategy theory, managerial skills are a crucial factor in determining the effectiveness of business resource management and the success of long-term business strategies. This research finding aligns with Khattak's et al. (2024) research, which states that low managerial skills hinder MSMEs from developing professionally and sustainably. Amoah & Bikitsha (2022) research also shows that a lack of management training and mentoring makes many business owners vulnerable to losses due to mismanagement.

Poor managerial skills also contribute to weak business planning and a lack of product innovation. Most MSMEs still focus on daily production activities without conducting market analysis, consumer segmentation, or long-term business development strategies. This condition makes it difficult for MSMEs to adapt to changing market trends and increasingly dynamic business competition. Research by Suhendah et al. (2022) explains that weak marketing management skills result in MSME products lacking strong market positioning. Furthermore, a lack of understanding of modern business strategies prevents business actors from optimally capitalizing on opportunities from digitalization and business partnerships. Given these weaknesses, a more integrated approach to MSME development is needed, with collaboration among the government, financial institutions, academics, and the private sector. Local governments need to expand access to financing through low-interest business credit programs, simplify administrative requirements, and provide assistance with business legality. Furthermore, ongoing digitalization training and strengthening of financial literacy are needed to enable MSMEs to improve their technological and business management capabilities. Business incubation-based mentoring is also crucial for helping business actors develop marketing strategies, product innovations, and more professional business management. This finding is supported by Idrus & Rastina (2025), who emphasized that digital transformation and strengthening managerial capacity are the main keys to increasing MSME competitiveness in the digital economy era.

Opportunities

The study's results indicate that there are significant opportunities to improve MSME competitiveness in Gorontalo Province. Based on the results in Table 2, the government policy support indicator had a mean of 4.00, categorized as high, while the e-commerce trend and partnerships with the private sector had means of 3.90 and 3.45, respectively. These results indicate that the external business environment in Gorontalo Province offers strong opportunities for MSMEs to grow, particularly through government regulatory support, the development of digital technology, and the expansion of business cooperation networks. In the theory of the external business environment, opportunities are external conditions that organizations can leverage to

strengthen their competitive position and improve business sustainability (David et al., 2017). This condition indicates that MSMEs in Gorontalo have a significant opportunity to increase their business capacity if they can optimally utilize available opportunities.

Government policy support represents the greatest opportunity for MSMEs in Gorontalo province. In recent years, the central and regional governments have become increasingly active in encouraging MSME empowerment through various business assistance and facilitation programs. Programs such as People's Business Credit (PBC), productive assistance for micro-enterprises, entrepreneurship training, MSME digitalization, business legality assistance, and local product promotion through exhibitions and creative economic activities represent concrete government support for MSME development. Research shows that most MSMEs consider government policies quite helpful in improving their business capabilities, particularly in financing and training. In business strategy theory, government policy support can be an external factor that strengthens business competitiveness by creating a more conducive business environment (Porter, 1990). This research finding aligns with Satpathy et al. (2025) research, which states that local government policies play a crucial role in strengthening the resilience and development of MSMEs in underdeveloped regions. Research by Ramadhona et al. (2023) also shows that government training programs and financing assistance can significantly increase MSME business capacity and productivity.

Government support is also evident in efforts to improve business legality, including the issuance of Business Identification Numbers and streamlined micro-business licensing. Business legality is crucial because it provides broader access to bank financing, government assistance programs, and partnership opportunities with the formal sector. Research by Taufan & Maqvira (2025) shows that strengthening the legal status of micro-businesses can increase market confidence and facilitate MSMEs' access to economic empowerment programs. Furthermore, the local government has begun promoting local Gorontalo products through various regional events and creative economy development programs. This provides opportunities for MSMEs to expand their markets and introduce local products nationally.

In addition to government policy support, the development of digitalization and e-commerce presents a significant strategic opportunity for MSMEs in Gorontalo province. The study found that the e-commerce trend achieved a mean score of 3.90, indicating that MSMEs are beginning to recognize the significant opportunities in the digital market to increase sales and expand consumer reach. Changes in consumer behavior, which increasingly rely on digital transactions, create new opportunities for MSMEs to market products without relying on physical stores or conventional distribution networks. In digital entrepreneurship theory, digital technology enables small businesses to expand their markets more efficiently through online platforms, social media, and digital marketplaces (Zahra et al., 2023). This study's findings align with Prado et al. (2024) research, which states that the use of marketplaces provides significant opportunities for start-up MSMEs to increase market access and product distribution efficiency. Karundeng & Suyanto (2025) research also shows that implementing digital marketing can increase MSME competitiveness by expanding promotional efforts and enhancing consumer engagement.

Digitalization also provides opportunities to improve operational efficiency, such as through digital payments, electronic financial record-keeping, and app-based inventory management. By utilizing digital technology, MSMEs can reduce marketing costs, accelerate business transactions, and improve the quality of service to consumers. Research by Amornkitvikai et al. (2022) indicates that effective use of e-commerce and

social media can increase MSME sales by making products more accessible to consumers across regions. Furthermore, Aminullah et al. (2024) emphasizes that the development of the digital economy provides opportunities for MSMEs to compete in national and even international markets despite limited capital and business scale. Therefore, digital transformation is a crucial opportunity for MSMEs in Gorontalo to sustainably enhance their competitiveness.

Another strategic opportunity is the growing openness of MSMEs to partnerships with the private sector. The study found that partnership opportunities with the private sector achieved a mean score of 3.45, categorized as adequate. This indicates that business collaboration between MSMEs and the private sector is starting to develop, although not yet optimally. These partnerships can take the form of product distribution collaborations with modern retailers, collaborations with digital platforms, production collaborations with large companies, or private-sector business mentoring programs. In business strategy theory, business partnerships can improve access to resources, expand market networks, and strengthen product innovation through the transfer of business knowledge and experience (David et al., 2017). This study's findings align with Syafrida et al. (2025) research, which states that collaboration between MSMEs and the private sector can improve product quality and expand market access for local businesses. Aulia et al. (2023) research also shows that business partnerships can help MSMEs increase production capacity, product branding, and professionalism in business management.

Partnerships with the private sector can also encourage MSMEs to be more adaptive to modern market developments and digital transformation. Many large companies and digital startups are now beginning to involve local MSMEs in their product distribution chains and community economic empowerment programs. This presents an opportunity for Gorontalo's MSMEs to expand their business networks and improve product quality standards to compete in a broader market. Research by Hokmabadi et al. (2024) explains that collaboration between MSMEs and digital startups can accelerate the digital transformation of small businesses through technology transfer and strengthening online marketing.

Although the opportunities for MSME development in Gorontalo province are substantial, their utilization still requires support from a stronger business ecosystem. Local governments need to strengthen digital infrastructure, expand access to technology-based training, and increase business mentoring to help MSMEs maximize digital market opportunities. Furthermore, synergy between the government, academics, financial institutions, and the private sector needs to be strengthened to create a more integrated and sustainable MSME empowerment system. Research by Lukiyanto (2025) confirms that optimizing marketplaces and strengthening the digital ecosystem are crucial to improving MSMEs' ability to compete in modern markets. With appropriate policy support and business actors' readiness to capitalize on digital opportunities and forge business partnerships, MSMEs in Gorontalo province have significant potential to become a more competitive and sustainable economic sector.

Threats

The study's results indicate that MSMEs in Gorontalo province face various external threats that can affect business sustainability and market competitiveness. Based on the results in Table 2, the greatest threat comes from competition from products outside the region, with a mean value of 3.20, while dependence on the local market obtained a mean value of 3.05. Although both indicators are in the sufficient

category, these results indicate that MSMEs are increasingly under competitive pressure due to market openings and the development of digital commerce. In the theory of the external business environment, threats are external conditions that can hinder the achievement of business goals if not anticipated through appropriate strategies (David et al., 2017). This condition indicates that MSMEs in Gorontalo need to improve their adaptability and innovation capabilities to survive in an increasingly competitive, dynamic business environment.

Competition from products from outside the region is a major threat facing MSMEs in Gorontalo province. Products from other regions, particularly Java and imported goods, are increasingly entering the local market through modern retail, digital marketplaces, and expanding logistics networks. These products generally offer advantages in quality, product variety, packaging design, production efficiency, and stronger branding compared to local MSME products. This situation makes it difficult for many local products to compete, particularly on price and product image among consumers. According to Porter's (1990) theory of competitiveness, a business's competitiveness is strongly influenced by production efficiency, product innovation, and market differentiation. If MSMEs are unable to improve product quality and add value, their position will be increasingly squeezed by competitors with larger production capacities and more modern marketing systems. This research finding aligns with Vasani & Abdulkareem (2024) findings, which state that market openness increases competitive pressure on regional MSMEs because foreign products are more competitive. Andrianata et al. (2024) research also shows that weak product differentiation and low innovation make it difficult for local MSMEs to compete with products from outside the region.

The threat of competition is growing stronger because many MSME products in Gorontalo lack consistent quality standards, product certification, or modern and attractive packaging. Most businesses still employ simple production methods and conventional marketing, making local products less able to attract a wider market. In business strategy theory, product quality and branding are crucial elements in building competitive advantage and consumer loyalty (David et al., 2017). Research by Nazara (2025) explains that branding and product differentiation significantly influence MSMEs' ability to maintain market share amidst competition from modern products. Furthermore, Andrianata et al. (2024) emphasizes the need to develop innovations rooted in local culture so that MSME products have a distinctive identity and can compete with foreign products with larger production volumes.

In addition to competition from products from outside the region, MSMEs' dependence on the local market also poses a significant threat. Research shows that most MSMEs in Gorontalo still market their products locally, without expanding into regional or digital markets. This situation makes businesses highly dependent on local purchasing power and the regional economy. When purchasing power declines or local market saturation occurs, MSME revenues will immediately decline. In strategic marketing theory, market diversification is a crucial factor in maintaining business stability and reducing the risk of dependence on a single market segment. This research finding aligns with Vasani & Abdulkareem (2024) findings, which state that limited market access makes it difficult for MSMEs to develop and leaves them vulnerable to regional economic fluctuations. Research by Rundh (2023) also shows that MSMEs that do not expand their markets tend to experience sales stagnation and limited business growth.

Dependence on local markets also indicates that most MSMEs have not been able to fully capitalize on digitalization opportunities. However, the development of e-commerce and social media has opened up opportunities for businesses to expand their market reach nationally. Low digital marketing utilization results in MSMEs missing out on opportunities to introduce their products to a wider consumer base. Research by Lukiyanto (2025) explains that digital-based MSMEs have higher growth rates than conventional MSMEs because they can reach a wider, more efficient market. Therefore, dependence on local markets needs to be reduced through digital-based market expansion strategies and strengthening business distribution networks.

Another threat stems from rapidly changing, dynamic consumer preferences. Today's consumers consider not only product price but also quality, design, packaging, service speed, and a practical, convenient shopping experience. Changing consumer consumption patterns, increasingly favoring digital platforms, require MSMEs to adapt to technological developments and modern market trends. In consumer behavior theory, changes in consumer preferences are influenced by technological developments, lifestyles, and increasing expectations for service quality. MSMEs that fail to adapt to these changes will lose competitiveness and market share. This research finding aligns with Alfarizi et al. (2024) research, which states that digitalization and changes in consumer behavior are the main challenges for MSMEs in the digital economy era. Apasrawirote et al. (2022) research also shows that digital marketing success is heavily influenced by a business's ability to create a fast, responsive, and engaging customer experience.

Furthermore, MSMEs in Gorontalo also face threats from unstable raw material supply chains and global economic conditions. Rising raw material prices, inflation, extreme weather, and distribution disruptions can affect production costs and business sustainability. Most MSMEs still rely on local raw materials and supplies from outside the region, which are vulnerable to price fluctuations and distribution delays. In business resilience theory, the ability to manage the supply chain is a crucial factor in maintaining production stability and business cost efficiency. Research by Gupta & Singh (2023) explains that MSMEs in the region remain highly vulnerable to external disruptions due to unstable distribution and logistics systems.

To address these threats, MSMEs in Gorontalo province need to strengthen their business development strategies by improving product quality, fostering locally driven innovation, strengthening branding, and expanding their digital markets. Businesses also need to improve production efficiency and adapt to changing consumer preferences to compete with products from outside the region. Meanwhile, local governments need to strengthen protection for local products by promoting MSMEs, developing the digital ecosystem, providing product innovation training, and facilitating certification and business legality. Collaboration between the government, academics, the private sector, and the business community is also crucial to strengthening MSME resilience in the face of global competitive pressures. These findings are supported by Setiawan et al. (2025), who emphasized that digital transformation and strengthening product innovation are key strategies for increasing MSME resilience and competitiveness in the modern economic era.

Strategic position and recommendations

Based on the Internal-External Matrix (IE Matrix) analysis, the strategic position of MSMEs in Gorontalo province is in Quadrant I (grow and build). This position indicates that MSMEs have relatively strong internal conditions and are supported by

significant external opportunities, so the appropriate strategy is an aggressive business growth and development strategy. MSMEs in Gorontalo have key strengths, including active business owner involvement, operational flexibility, and relatively high product quality. On the other hand, the external environment also offers significant opportunities through government policy support, digitalization, and open partnerships with the private sector. In David's et al. (2017) business strategy theory, organizations in the grow-and-build position are encouraged to implement intensive, integrative strategies to accelerate growth, expand markets, and strengthen long-term competitiveness. Thus, this strategic position indicates that MSMEs in Gorontalo Province have significant growth potential if their internal strengths are optimally leveraged to capture available external opportunities.

One of the main recommended strategies is market penetration. This strategy aims to increase product sales volume in existing markets by strengthening marketing and promotions and expanding consumer access. In the context of MSMEs in Gorontalo, market penetration strategies can be implemented by optimizing digital marketing, leveraging social media, using marketplaces, and strengthening local product branding. Research results show that the development of e-commerce presents a significant opportunity for MSMEs, but its use remains suboptimal due to low digital literacy among business actors. Therefore, digital marketing is a strategic step to expand market reach without incurring high distribution costs. In digital entrepreneurship theory, the use of digital technology can significantly increase marketing efficiency and expand market access for small businesses (Sitaridis & Kitsios, 2024). This finding is supported by research by Sutrisno et al. (2025), which shows that e-commerce can increase MSME competitiveness through market expansion and greater consumer interaction. Research by Huda et al. (2025) also shows that implementing digital marketing can increase product visibility and strengthen MSMEs' position in modern market competition.

In addition to market penetration, product development strategies are important recommendations for increasing MSME competitiveness in Gorontalo province. Product development is driven by design innovation, quality improvement, product diversification, and adaptation to modern consumer trends and preferences. The study's results indicate that product quality is one of MSMEs' main strengths, with a mean score of 4.21. However, the threat from foreign products with more modern designs and branding requires MSMEs to continue innovating to maintain competitiveness. According to Porter's (1990) theory of competitiveness, product innovation and differentiation are key strategies for creating sustainable competitive advantage. Gorontalo MSME products based on local culture, traditional culinary delights, and regional crafts have great potential to be developed into superior products with higher added value. This finding aligns with Sonani's et al. (2025) research, which shows that innovation rooted in cultural locality can enhance the identity and market appeal of MSME products. Research by Karundeng et al. (2025) also shows that product innovation positively influences sales and consumer loyalty.

Product development strategies also need to be supported by improved packaging quality, product certification, and production standardization to make MSME products more competitive in regional and national markets. Many MSME products in Gorontalo still face limitations in packaging and branding, hindering their ability to compete with modern products from outside the region. Therefore, the local government and business support institutions need to provide training in product design, modern packaging, and branding strategies to MSMEs. Research by Nazara (2025) shows that branding and product differentiation significantly improve the image

and competitiveness of MSMEs. With more innovative and professional product development, MSMEs in Gorontalo can increase product sales value while expanding market segmentation.

The next strategy is horizontal integration through strengthening networks and collaboration between MSMEs. This strategy aims to strengthen MSMEs' bargaining position in the face of market competition through collaboration in production, distribution, marketing, and raw material procurement. In business strategy theory, horizontal integration enables small businesses to increase efficiency, expand market networks, and strengthen collective competitiveness (David et al., 2017). Research results show that most MSMEs in Gorontalo still operate individually with limited production capacity. This condition makes it difficult for MSMEs to compete with larger companies that have stronger distribution networks and capital. Therefore, strengthening associations and networks between MSMEs is a crucial step in increasing the economies of scale and competitiveness of local businesses.

This finding is supported by Awaluddin's et al. (2025) research, which states that collaboration among MSMEs can increase business efficiency and strengthen local economic resilience amid increasingly competitive markets. Research by Martinravi & Krishnasamy (2025) also shows that MSME associations play a crucial role in expanding market access, strengthening distribution networks, and increasing the production capacity of small businesses. Through horizontal integration, MSMEs can conduct joint promotions, share market information, and create a more efficient and organized distribution system.

For the growth and development strategy to run optimally, support from an integrated and sustainable MSME development ecosystem is essential. Local governments play a crucial role as facilitators in providing digitalization training, assistance with access to financing, business mentoring, and the development of adequate digital infrastructure. Furthermore, the involvement of academics and the business community is essential to support knowledge transfer, product innovation, and human resource capacity development within MSMEs. Within the triple helix concept, collaboration between government, academia, and the business sector is crucial in driving innovation and local business-based economic growth.

Purnomo & Purwandari (2025) research shows that community-based MSME empowerment and multi-stakeholder collaboration can increase business capacity and sustainably strengthen the local economy. Razak's (2024) research also confirms that strengthening human resource capacity through training and mentoring is key to improving MSMEs' adaptability to changes in the business environment and digital transformation. Therefore, the MSME development strategy in Gorontalo province needs to be implemented in stages, integrated, and based on the real needs of business actors to create more competitive, innovative, and sustainable MSMEs in the digital economy era.

Conclusions

MSMEs in Gorontalo province have a strong strategic position in facing business competition, as demonstrated by the SWOT analysis and the IE matrix, which positions MSMEs in a growth and development trajectory. The main strengths of MSMEs lie in the direct involvement of business owners, operational flexibility, and product quality that meets local market needs. Meanwhile, government policy support, the development of e-commerce, and partnership opportunities with the private sector offer external avenues to strengthen business competitiveness. However, the study also identified several key

weaknesses, such as low adoption of digital technology, limited access to capital, and weak managerial capabilities. Furthermore, threats from product competition from outside the region and dependence on the local market are challenges that need to be anticipated through more adaptive, innovative, and digital-based development strategies.

This research has important theoretical and practical implications. Theoretically, the research results strengthen the Resource-Based View (RBV) and competitiveness theory, which emphasize the importance of strengthening internal resources and adapting to the external environment to increase MSME competitiveness. In practice, this research provides strategic recommendations for local governments, MSMEs, and related stakeholders on the importance of business digitalization, strengthening managerial capacity, developing locally based products, and collaboration between MSMEs and the private sector. However, this research still has limitations, particularly in its scope, which focuses only on the Gorontalo province, so the results cannot be generalized to all regions in Indonesia. Furthermore, this study still uses a descriptive approach based on respondents' perceptions, so it does not in-depth measure the causal relationships among the variables that influence MSME competitiveness.

It is recommended that future research expand the study's scope by including MSMEs from various provinces to provide a more comprehensive comparison of competitiveness conditions. Future research can also use a more in-depth quantitative approach, such as regression analysis or Structural Equation Modeling (SEM), to empirically examine the influence of internal and external factors on MSME competitiveness. Furthermore, further research should specifically examine the influence of digital transformation, product innovation, and the role of the business ecosystem on MSME sustainability in the digital economy era. Thus, future research is expected to yield recommendations for more effective, measurable, and sustainable MSME development policies and strategies.

References

- Aditia, O., Syawaludin, D. F., & Solikhah, M. (2025). Marketing and Branding Strategies for MSMEs Post-Pandemic, Especially in Rural Areas. *Journal of Strategic Marketing and Applied Economics*, 1(2), 38–45. <https://doi.org/10.59261/jsmae.v1i2.7>
- Aggarwal, A., & Joshi, N. (2024). MSMEs' innovation: a barrier approach. *Journal of Small Business and Enterprise Development*, 31(3), 552–573. <https://doi.org/10.1108/JSBED-07-2023-0304>
- Alfarizi, M., Widiastuti, T., & Ngatindriatun, N. (2024). Exploration of Technological Challenges and Public Economic Trends Phenomenon in the Sustainable Performance of Indonesian Digital MSMEs on Industrial Era 4.0. *Journal of Industrial Integration and Management*, 09(01), 65–96. <https://doi.org/10.1142/S2424862223500045>
- Amadasun, D. O. E., & Mutezo, A. T. (2022). Influence of access to finance on the competitive growth of SMEs in Lesotho. *Journal of Innovation and Entrepreneurship*, 11(1), 56. <https://doi.org/10.1186/s13731-022-00244-1>
- Aminullah, E., Fizzanty, T., Nawawi, N., Suryanto, J., Pranata, N., Maulana, I., Ariyani, L., Wicaksono, A., Suardi, I., Azis, N. L. L., & Budiatri, A. P. (2024). Interactive Components of Digital MSMEs Ecosystem for Inclusive Digital Economy in Indonesia. *Journal of the Knowledge Economy*, 15(1), 487–517. <https://doi.org/10.1007/s13132-022-01086-8>

- Amoah, C., & Bikitsha, L. (2022). Emerging contractor's management and planning skills to overcome business risk factors. *International Journal of Building Pathology and Adaptation*, 40(4), 670–689. <https://doi.org/10.1108/IJBPA-01-2021-0003>
- Amornkitvikai, Y., Tham, S. Y., Harvie, C., & Buachoom, W. W. (2022). Barriers and Factors Affecting the E-Commerce Sustainability of Thai Micro-, Small- and Medium-Sized Enterprises (MSMEs). *Sustainability*, 14(14), 8476. <https://doi.org/10.3390/su14148476>
- Andrianata, M., Sudarmiati, S., & Rahayu, W. P. (2024). MSME Product Innovation as a Competitiveness Strategy in Local and Global Markets. *Oikonomia: Journal of Management Economics and Accounting*, 2(1), 39–47. <https://doi.org/10.61942/oikonomia.v1i1.279>
- Apasrawirote, D., Yawised, K., & Muneesawang, P. (2022). Digital marketing capability: the mystery of business capabilities. *Marketing Intelligence & Planning*, 40(4), 477–496. <https://doi.org/10.1108/MIP-11-2021-0399>
- Ariawan, A., Widjaja, W., Judijanto, L., Budiman, R., & Bakri, A. A. (2025). The Impact Of Capital Strengthening In Culture On The Welfare Of Indonesian UMKM Communities In Gorontalo. *Jurnal Ekonomi Bisnis Dan Kewirausahaan*, 14(1), 44–60. <https://doi.org/10.26418/jebik.v14i1.80780>
- Audina, M., Yunus, R., A Parinding, K., & Anwar Nasruddin, M. (2024). The Role of Micro, Small, and Medium Enterprises in Improving Community Welfare. *Golden Ratio of Data in Summary*, 4(1), 81–89. <https://doi.org/10.52970/grdis.v4i1.516>
- Aulia, M. R., Junaidi, J., Hendrayani, E., Rizki, M., Mulyadi, M., & Abdullah, A. (2023). The Development of the Partnership Program and Business Performance: in Terms of Communication Behavior and Social Networks of MSMEs. *Journal of System and Management Sciences*, 14(1), 159–174. <https://doi.org/10.33168/JSMS.2024.0110>
- Awaluddin, S. P., Suci, Y. R., Indriasari, D. P., Mariati, M., & Weraman, P. (2025). Building Socio-Economic Resilience through MSME Community Collaboration: A Critical Study on Empowerment and Collective Awareness in Makassar City. *Golden Ratio of Community Services and Dedication*, 6(1), 59–69. <https://doi.org/10.52970/grcsd.v6i1.583>
- Azzahra, S., & Nawawi, Z. M. (2025). Indonesian MSMEs' Survival Strategies in Facing Global Competition: A Systematic Literature Review. *Malacca: Journal of Management and Business Development*, 2(2), 116–130. <https://doi.org/10.69965/malacca.v2i2.166>
- Barney, J. (1991). Firm Resources and Sustained Competitive Advantage. *Journal of Management*, 17(1), 99–120. <https://doi.org/10.1177/014920639101700108>
- Cakir, F. S., Yazici, O., & Adiguzel, Z. (2025). Understanding the impact of external risk factors on business performance: a comprehensive analysis. *Foresight*, 27(5), 1055–1079. <https://doi.org/10.1108/FS-02-2025-0025>
- David, F. R., David, F. R., & David, M. E. (2017). *Strategic Management Concepts And Cases: A Competitive Advantage Approach* (16th ed.). Pearson.
- Dini, I., & Janet, M. (2024). Formulating strategies to strengthen resilient MSMEs in the F&B sector of Central Java: An integrated SWOT, IFE, EFE, IE, and QSPM approach. *Central Community Development Journal*, 4(2), 41–59. <https://doi.org/10.55942/ccdj.v4i2.825>
- Elizabeth, R., Notosudjono, D., & Hamzah, H. (2025). Work Motivation and Organizational Commitment in the Sustainability of Culinary SMEs. *Research Horizon*, 5(2), 351–360. <https://doi.org/10.54518/rh.5.2.2025.550>

- Erlangga, H., Setiawati, T., Riadi, F., Hindarsah, I., & Riani, D. (2024). Adaptive Strategies in Entrepreneurial Ventures: Navigating Uncertainty and Market Dynamics at MSME. *Jurnal Ekonomi Utama*, 3(1), 1–9. <https://doi.org/10.55903/juria.v3i1.169>
- Gao, J., Siddik, A. B., Khawar Abbas, S., Hamayun, M., Masukujjaman, M., & Alam, S. S. (2023). Impact of E-Commerce and Digital Marketing Adoption on the Financial and Sustainability Performance of MSMEs during the COVID-19 Pandemic: An Empirical Study. *Sustainability*, 15(2), 1594. <https://doi.org/10.3390/su15021594>
- Gupta, A., & Singh, R. K. (2023). Managing resilience of micro, small and medium enterprises (MSMEs) during COVID-19: analysis of barriers. *Benchmarking: An International Journal*, 30(6), 2062–2084. <https://doi.org/10.1108/BIJ-11-2021-0700>
- Hidayat, A. A., Ikhsan, F., Hafid, N. S., Rosidin, U., & Permana, A. A. (2025). The Future of MSMEs in Indonesia: Policy Directions for National Legal Formation in Supporting MSMEs Growth. *JUSTISI*, 11(1), 299–316. <https://doi.org/10.33506/js.v11i1.3876>
- Hokmabadi, H., Rezvani, S. M. H. S., & Matos, C. A. de. (2024). Business Resilience for Small and Medium Enterprises and Startups by Digital Transformation and the Role of Marketing Capabilities—A Systematic Review. *Systems*, 12(6), 220. <https://doi.org/10.3390/systems12060220>
- Huda, F., Andhyka, Frisilia, J., Azis R, A., & Yanuary, R. (2025). Development Of Optimization Strategies For MSMEs' Competitive Advantages In The Digital Era. *Nuansa Akademik: Jurnal Pembangunan Masyarakat*, 10(1), 107–120. <https://doi.org/10.47200/jnajpm.v10i1.2726>
- Idrus, M. I., & Rastina, R. (2025). Enhancing MSME Competitiveness Through Financial Literacy and Digital Transformation in Indonesia. *Economics and Business Journal (ECBIS)*, 2(6), 487–496. <https://doi.org/10.47353/ecbis.v2i6.183>
- Junaidi, J., Parella, Epi, & Ariswandy, D. (2025). Improvement of Managerial Capacity of MSMEs in Facing Global Competition. *Devotion: Journal Corner of Community Service*, 3(3), 15–25. <https://doi.org/10.54012/devotion.v3i3.428>
- Karundeng, D. R., & Suyanto, M. A. (2025). Optimizing Digital Marketing for Competitive MSMEs: Integration of E-Commerce and Social Media in Gorontalo. *Jurnal Ilmiah Manajemen Kesatuan*, 13(6), 5489–5502. <https://doi.org/10.37641/jimkes.v13i6.4270>
- Karundeng, D. R., Suyanto, M. A., & Yakup, Y. (2025). Enhancing Sales and Customer Loyalty through Marketing Innovation and Digital Communication. *Jurnal Ilmiah Manajemen Kesatuan*, 13(4), 2497–2510. <https://doi.org/10.37641/jimkes.v13i4.3299>
- Khattak, M. S., Wu, Q., Ahmad, M., & Ullah, R. (2024). The role of managerial competencies in managing resources for sustainable development strategy in SMEs. *Social Responsibility Journal*, 20(7), 1317–1344. <https://doi.org/10.1108/SRJ-11-2023-0634>
- Lukiyanto, K. (2025). The Impact of the Digital Economy on the Growth of MSMEs in Indonesia. *Archipel: Journal of Indonesian Interdisciplinary Studies*, 1(3), 20–27. <https://doi.org/10.65739/archipel.v1i3.20>
- Martinravi, C. P., & Krishnasamy, K. (2025). Unleashing the potential of MSMEs in India: A strategic analysis. *Journal of the International Council for Small Business*, 6(1), 123–143. <https://doi.org/10.1080/26437015.2024.2397664>
- Mukherjee, S., & Mukherjee, A. (2022). Indian SMEs in Global Value Chains: Status, Issues

- and Way Forward. *Foreign Trade Review*, 57(4), 473–496. <https://doi.org/10.1177/00157325221092609>
- Musa, I. (2024). *Didominasi 3 Bidang Usaha, Jumlah UMKM Gorontalo Meningkat 28% di Tahun 2024*. Lp3m.Unigo.Ac.Id. <https://lp3m.unigo.ac.id/2024/07/08/didominasi-3-bidang-usaha-jumlah-umkm-gorontalo-meningkat-28-di-tahun-2024/>
- Nazara, D. S. (2025). Marketing Strategy Innovation: Enhancing Competitiveness and Differentiation of Local Products in the Global Market. *Oikonomia : Journal of Management Economics and Accounting*, 2(3), 101–112. <https://doi.org/10.61942/oikonomia.v2i3.358>
- Octaviani, D. Y., Putri, M. K., & Mashudi, M. (2025). Strengths and Weaknesses of MSMEs in the Digital Era: Challenges and Opportunities for Transformation Towards Sustainable Competitiveness. *Multicore International Journal of Multidisciplinary (MIJM)*, 1(2), 76–81. <https://doi.org/10.64123/mijm.v1.i2.4>
- Porter, M. E. (1990). New global strategies for competitive advantage. *Planning Review*, 18(3), 4–14. <https://doi.org/10.1108/eb054287>
- Prabowo, D. A., Tariazela, C., & Birgithri, A. (2024). An Examination of the Impact of Using Marketplaces to Promote the Growth of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia. *Startupreneur Business Digital (SABDA Journal)*, 3(1), 26–33. <https://doi.org/10.33050/sabda.v3i1.483>
- Prado, G. M. B. C. do, Catapan, E., Zanuzzi, C. M. da S., Matos, F., & Selig, P. M. (2024). Exploring the key success factors: A case study of a digital marketplace platform for Brazilian small farmers. *Procedia Computer Science*, 232, 159–168. <https://doi.org/10.1016/j.procs.2024.01.016>
- Purnomo, S., & Purwandari, S. (2025). A Comprehensive Micro, Small, and Medium Enterprise Empowerment Model for Developing Sustainable Tourism Villages in Rural Communities: A Perspective. *Sustainability*, 17(4), 1368. <https://doi.org/10.3390/su17041368>
- Puyt, R. W., Lie, F. B., & Madsen, D. Ø. (2025). From SOFT approach to SWOT analysis, a historical reconstruction. *Journal of Management History*, 31(2), 333–373. <https://doi.org/10.1108/JMH-05-2023-0047>
- Ramadhona, D., Syafri, W., Maryani, D., & Achmad, M. (2023). Government Support and Policy Design to Improve MSME's Performance. *Journal of Social Research*, 2(7), 2157–2172. <https://doi.org/10.55324/josr.v2i7.1008>
- Razak, M. (2024). The Role of Human Resource Management in Improving the Performance of MSMEs. *Journal La Bisecoman*, 5(6), 1091–1108. <https://doi.org/10.37899/journallabisecoman.v5i6.2427>
- Rujitoningtyas, C. N., Nugraha, E. R., Laksana, H. D., Apriyanto, Y., & Dewi, N. G. (2025). Enhancing Digital Literacy for Business Development in Micro, Small, and Medium Enterprises (MSMEs) through Banking Initiatives at the Rural Level in Indonesia. *Jurnal Akuntansi Dan Bisnis*, 10(02), 122. <https://doi.org/10.47686/jab.v10i02.735>
- Rundh, B. (2023). International expansion or stagnation: market development for mature products. *Asia-Pacific Journal of Business Administration*, 15(4), 626–645. <https://doi.org/10.1108/APJBA-11-2021-0560>
- Saifurrahman, A., & Kassim, S. H. (2024). Regulatory issues inhibiting the financial inclusion: a case study among Islamic banks and MSMEs in Indonesia. *Qualitative Research in Financial Markets*, 16(4), 589–617. <https://doi.org/10.1108/QRFM-05-2022-0086>

- Satpathy, A. sanatan, Sahoo, S. kumar, Mohanty, A., & Mohanty, P. P. (2025). Strategies for enhancements of MSME resilience and sustainability in the post-COVID-19 era. *Social Sciences & Humanities Open*, 11, 101223. <https://doi.org/10.1016/j.ssaho.2024.101223>
- Setiawan, B., Pamungkas, B., Mekaniwati, A., & Kusuma, P. M. (2025). The strategic role of digital transformation, dynamic and agile capabilities for the performance of micro, small, and medium enterprises (MSMEs). *The Bottom Line*, 38(2), 130–153. <https://doi.org/10.1108/BL-08-2024-0120>
- Sitaridis, I., & Kitsios, F. (2024). Digital entrepreneurship and entrepreneurship education: a review of the literature. *International Journal of Entrepreneurial Behavior & Research*, 30(2/3), 277–304. <https://doi.org/10.1108/IJEER-01-2023-0053>
- Sonani, N., Islami, V., Sukayat, H., Nadzri, S. binti, & Rusdian, S. (2025). The Role of Product Innovation and Local Culture in Strengthening Marketing Strategy and Driving Economic Growth of MSMEs. *Jurnal Aplikasi Manajemen*, 23(2), 391–409. <https://doi.org/10.21776/ub.jam.2025.023.2.02>
- Subramanian, N., & Suresh, M. (2022). The contribution of organizational learning and green human resource management practices to the circular economy: a relational analysis – evidence from manufacturing SMEs (part II). *The Learning Organization*, 29(5), 443–462. <https://doi.org/10.1108/TLO-06-2022-0068>
- Suhendah, R., Angelina, A., Ricardo, R., & Stevansyah, N. (2022). MSME Business Management and Development with IFE-EFE Matrix. *Journal of Innovation and Community Engagement*, 3(3), 175–188. <https://doi.org/10.28932/ice.v3i3.4786>
- Sutrisno, Widodo, & Ausat, A. M. A. (2025). In-Depth Study of the Strategic Interaction between Electronic Commerce, Innovation, and Attainment of Competitive Advantage in the Context of SMEs. *International Journal of Analysis and Applications*, 23, 78. <https://doi.org/10.28924/2291-8639-23-2025-78>
- Syafrida, S., Tarigan, A. E. B., & Farida, E. (2025). Government Role In Enhancing Msme Market Access At Regional And Global Levels. *Pena Justisia: Media Komunikasi Dan Kajian Hukum*, 24(1), 387–401. <https://doi.org/10.31941/pj.v24i1.5898>
- Tadeo, J. B., Mendoza, X. L. D., Tabor, F. J. M., Dumagat, S. M., & Pamintuan, R. Q. (2023). Understanding economic contributions of MSMEs among Philippine Regions. *Journal of Management, Economics, and Industrial Organization*, 7(3), 1–15. <https://doi.org/10.31039/jomeino.2023.7.3.1>
- Talip, S. N. S., & Wasiuzzaman, S. (2024). Influence of human capital and social capital on MSME access to finance: assessing the mediating role of financial literacy. *International Journal of Bank Marketing*, 42(3), 458–485. <https://doi.org/10.1108/IJBM-04-2023-0214>
- Taufan, B. A., & Maqvira, M. (2025). Community development for UMKM on improving financial inclusion. *Journal of Economic, Business & Accounting Research*, 2(2). <https://doi.org/10.61511/jembar.v2i2.2025.1470>
- Telukdarie, A., Dube, T., Matjuta, P., & Philbin, S. (2023). The opportunities and challenges of digitalization for SME's. *Procedia Computer Science*, 217, 689–698. <https://doi.org/10.1016/j.procs.2022.12.265>
- Titin, T., Sutrisno, S., Mahmudah, H., Muhtarom, A., & Syamsuri, S. (2024). Effect of Business Digitalization and Social Media on MSME Performance with Digital Competence as a Mediating Variable. *Scientific Journal of Informatics*, 11(3), 645–660. <https://doi.org/10.15294/sji.v11i3.9942>
- Vasani, S., & Abdulkareem, A. M. (2024). MSME market presence and competitiveness in

- a global economy. *Cogent Economics & Finance*, 12(1). <https://doi.org/10.1080/23322039.2024.2416992>
- Wang, Y., Jiang, Y., Geng, B., Yan, Z., & Wang, X. (2024). Social networks, network interaction and resilience of B&Bs in rural China. *International Journal of Contemporary Hospitality Management*, 36(2), 400–421. <https://doi.org/10.1108/IJCHM-04-2022-0486>
- Yani, A., Manafe, M. W. N., & Santosa, S. (2025). Analysis of the Role of Digital Technology in Driving Business Model Innovation in MSMEs: Implications for Enhancing Operational Efficiency and Sustainable Economic Growth. *Technology and Society Perspectives (TACIT)*, 3(1). <https://doi.org/10.61100/tacit.v3i1.253>
- Zahra, S. A., Liu, W., & Si, S. (2023). How digital technology promotes entrepreneurship in ecosystems. *Technovation*, 119, 102457. <https://doi.org/10.1016/j.technovation.2022.102457>