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Development Strategy for Fish Processing MSMEs in Kampar Regency (Case Study: Koto Mesjid Village)

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Abstract: Micro, Small, and Medium Enterprises (MSMEs) are widely recognized as key drivers of regional economic development, in line with Schumpeter's entrepreneurship theory and Porter's concept of competitive advantage. This study examines the development of fish processing MSMEs in Kampar Regency, one of the main catfish production centers in Indonesia. Using a qualitative approach, data were collected through interviews, observations, documentation, and questionnaires, then analyzed using the SWOT *(Strengths, Weaknesses, Opportunities, Threats) method.* The results show that MSMEs in Kampar have strengths such as abundant raw materials, a skilled local workforce, and government policy support. However, there are weaknesses such as limited technology, limited financial resources, and underdeveloped distribution channels. Opportunities arise from increasing consumer demand and export potential, while threats include price fluctuations and inter-regional competition. The recommended development strategy is the *Strength–Opportunity (SO) approach*, focusing on product diversification, human resource capacity building, institutional strengthening, and digital marketing adoption. These steps are expected to increase competitiveness, ensure sustainability, and strengthen the contribution of MSMEs to regional economic growth.

Keywords: MSMEs, SWOT Analysis, Development Strategy, Patin Fish, Kampar Regency.

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a strategic role in strengthening regional economic structures, particularly in developing countries, due to their ability to absorb labor and utilize local resources. In Indonesia, MSMEs contribute significantly to Gross Regional Domestic Product (GRDP) and are a key pillar in improving the welfare of rural communities. One promising sector is fish processing, particularly catfish (*Pangasius*), a leading commodity in Kampar Regency, Riau Province.

Micro, Small, and Medium Enterprises (MSMEs) play a crucial role in driving regional economic growth. In Kampar Regency, Riau Province, the fisheries sector, particularly freshwater fish such as patin, catfish, and tilapia, offers significant potential for development.

However, most fisheries products are still sold fresh without any processing that could increase their added value.

The development of micro, small, and medium enterprises (MSMEs) in the fisheries sector in Kampar Regency has shown significant progress along with the *triple helix synergy* (academic, business, government). Koto Mesjid Village, XIII Koto Kampar District, known as Kampung Patin, has been designated as a freshwater fisheries processing center as well as the center of the Minapolitan area in Riau Province through the Decree of the Minister of Maritime Affairs and Fisheries of the Republic of Indonesia No. Kep.32/Men/2010. This village with an area of 425.5 Ha has a cultivation pond of ±230 Ha or around 776 ponds with a total area of 52 Ha, producing ±6 tons of patin fish per day or 2,190 tons per year. Processed products such as smoked patin have even penetrated the export market to Malaysia and Singapore since 2010–2012 with a volume reaching three tons.

Table 1. Development of Patin Fish Production in Kampar Regency 2019-2023

Types of fish	Year (Ton)				
	2019	2020	2021	2022	2023
Patin	16,465	32,401	21,549	23,029	42,568

Source: Kampar Regency Fisheries Service

Based on data from the Kampar Regency Fisheries Office, catfish production over the past five years (2019–2023) has shown significant fluctuations. In 2019, production was recorded at 16,465 tons, then increased sharply to 32,401 tons in 2020. However, in 2021, production decreased to 21,549 tons, although it experienced a slight increase in 2022 to 23,029 tons. Furthermore, in 2023, catfish production jumped sharply to 42,568 tons. This data shows that catfish has great potential as one of Kampar Regency's leading products, although it still faces challenges in maintaining stable production.

The high production of catfish opens up economic opportunities through diversification of processed products (fillets, nuggets, meatballs, shredded fish), strengthening the value chain, and developing fish processing MSMEs. However, production success has not been fully followed by optimization of marketing aspects, competitiveness, and business sustainability. This raises questions about the appropriate strategy for developing fish processing MSMEs in Kampar to be able to utilize high production potential, while facing the challenges of market competition and uncertainty in the business environment. Therefore, this study focuses on analyzing the development strategy of catfish processing MSMEs in Kampar Regency to increase added value, business sustainability, and contribution to the regional economy. Developing fish processing MSMEs is considered an effective strategy for improving community welfare, creating jobs, and strengthening the competitiveness of local products in broader markets, both regionally and nationally. Therefore, a comprehensive strategic analysis is needed to identify steps for developing fish processing MSMEs in Kampar Regency.

Theoretical Basis

Patin Fish

Production Patin fish production is a fisheries subsector that plays a vital role in supporting the regional economy. According to Heizer and Render (2011), production management is the process of planning, organizing, directing, and controlling production activities to ensure efficiency, effectiveness, and the ability to meet market demand. In patin fish farming, good management includes water quality, feed, and cultivation technology to increase productivity.

Innovation

Is a crucial element in business development and increasing competitiveness. Schumpeter (1934) defined innovation as the introduction of new products, new production methods, new markets, new sources of raw materials, or new forms of organization that can stimulate economic growth. In the context of catfish farming, innovation can take the form of developing processed products, improving cultivation techniques, or developing creative marketing strategies.

Creativity

Is the ability to generate new ideas or solutions that are useful in solving problems or creating business opportunities. According to Robinson (2001), creativity is the primary source of innovation because without new ideas, innovation cannot occur. Creativity in catfish processing can take the form of developing new product variants or innovative marketing methods.

Entrepreneurship

Is the process by which individuals identify opportunities, manage risks, and use resources to create and develop businesses (Hisrich & Peters, 2002). The role of entrepreneurs is crucial in implementing innovation and creativity so that businesses can grow and survive in a competitive market.

Value Added

According to Porter (1985), value added is the process of increasing a product's value through differentiation and processing, which can increase its competitiveness in the market. In catfish production, processing it into processed products such as nuggets or meatballs can increase sales value and expand the market, thereby providing greater profits for farmers.

METHODS

This research employed a qualitative approach with descriptive methods. Data collection techniques included in-depth interviews with MSMEs, field observations, documentation, and questionnaires distributed to relevant respondents. The data obtained were then analyzed using the SWOT *(Strengths, Weaknesses, Opportunities, Threats) method* to map the internal and external conditions of MSMEs and formulate appropriate development strategies (Rangkuti, 2015).

Research Result

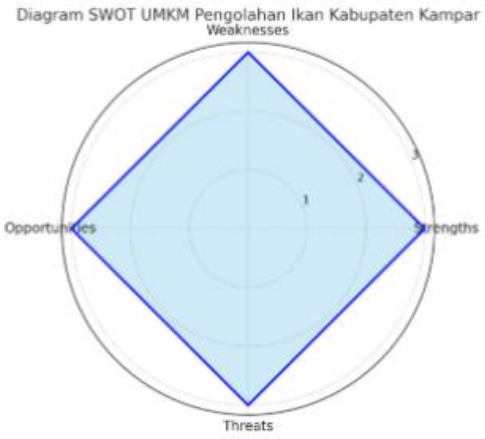
The research findings reveal the internal and external conditions of fish processing MSMEs in Kampar Regency, based on data obtained through interviews, field observations, documentation, and questionnaires. The analysis was conducted using the SWOT method to identify the strengths, weaknesses, opportunities, and threats faced by these MSMEs.

Table 2. SWOT Analysis of Fish Processing MSMEs in Kampar Regency

Internal Factors	Information
Strength	1. Availability of abundant and sustainable freshwater fish raw materials.
	2. The culture of fish consumption is high in society.
	3. Local government support through empowerment programs.
Weakness	1. Limitations of processing technology and production facilities.

	2.	Lack of managerial and digital marketing skills among MSMEs.
	3.	Limited access to capital and financial resources
External Factors	**Information**	
Opportunity	1.	Export opportunities to neighboring countries through regional cooperation such as ASEAN.
	2.	market development through digitalization and e-commerce.
	3.	Increasing trend in consumption of practical and nutritious processed fish products
Threat	1.	Competition with processed products from other regions and imported products.
	2.	Dependence on fluctuations in raw material prices.
	3.	Limited logistics and distribution infrastructure, especially for frozen or time-sensitive products.

Figure 1. SWOT of Fish Processing MSMEs in Kampar Regency



The radar diagram shows that fish processing MSMEs have relatively balanced strengths and opportunities, although weaknesses and threats are also quite significant. Therefore, development strategies should focus on leveraging internal strengths to seize external opportunities. Next, a quantitative analysis was conducted by assigning scores to each strategic alternative (SO, ST, WO, WT). The assessment results showed that the SO strategy received the highest score compared to the other strategies.

Figure 2. Priority Strategy for Developing Fish Processing MSMEs



Based on the diagram above, the Strength-Opportunity (SO) strategy is the top priority in MSME development, with a focus on product diversification, human resource capacity building, institutional strengthening, and the use of digital technology for marketing. The ST strategy ranks second, with a crucial role in anticipating threats such as price fluctuations and competition. Meanwhile, the WO and WT strategies remain relevant, but are not the top priority.

This interpretation also addresses the research problem, namely that the most effective development strategy for fish processing MSMEs in Kampar Regency is the SO strategy. By leveraging the availability of raw materials, local skills, and government support, MSMEs can capture growing market opportunities, both domestically and for export.

Based on the results of the SWOT analysis, the following are recommended development strategies:

Table 3. Recommended Development Strategies

NO	Short Term Strategy (1–2 Years)	Medium-Term Strategy (3–5 Years)	Long Term Strategy (>5 Years)
1	**Increasing human resource capacity** through technical training in fish processing, packaging, and business management.	**Institutional strengthening** through the formation of cooperatives or associations of fish processing MSMEs	**Development of regional cluster-based fish processing industry centers**.
2	**Production Equipment Facilitation**, especially for beginner MSMEs, such as grinding machines, vacuum packaging, and drying equipment.	**Product Diversification**, such as the development of fish nuggets, shredded fish, fish balls, and other ready-to-eat products.	**Improvement of Distribution Infrastructure and Cold Chain**.
3	**Digital Marketing Assistance** through e-commerce training, promotion through social media, and integration into local and national platforms.	**Facilitate Quality Certification**, such as PIRT, Halal, and BPOM, to increase product competitiveness.	**Market Expansion** through promotions at national events and export opportunities to neighboring countries.

To support the success of this strategy, several policy recommendations that can be taken by local governments and related stakeholders include:

1. Preparation of a Roadmap for the Development of Fisheries MSMEs with an emphasis in product downstreaming.
2. Cross-OPD synergy such as the Fisheries Service, Cooperatives and MSMEs Service, Industry Service, and Trade Service.
3. Provision of Incentives and Access to Financing, including cooperation with banks and micro-financing institutions.
4. Partnership with the Private Sector and Higher Education Institutions in research and development of processed fish products.

The success of developing fish processing MSMEs in Kampar Regency can be measured through several main indicators, namely:

1. The increasing number of active and productive fish processing MSMEs, as an indicator of community participation in productive economic activities.
2. The increasing number of processed fish products that have official certifications such as PIRT, Halal, and BPOM, which reflects increasing standards of quality and food safety.
3. Increased turnover and expanded product marketing reach, both locally, regionally, and through digital platforms.
4. The opening of new job opportunities in the fish processing sector, as a form of MSME contribution to reducing unemployment and improving community welfare.

The determination of these indicators is based on several theories as follows:

1. The Theory of Economic Empowerment (Narayan, 2005) emphasizes the importance of increasing community capacity in accessing economic resources and managing businesses independently to improve their standard of living.
2. The theory of Local Economic Development (LED) (Blakely & Leigh, 2010) highlights the importance of utilizing local potential and community participation in the process of regional economic development.
3. The MSME Development Theory (Tambunan, 2009) explains that the success of MSMEs is determined by the ability to improve product quality, access markets, and innovate sustainably.
4. The Triple Bottom Line concept (Elkington, 1997) is used to assess business success from three main dimensions, namely economic (profit), social (people), and environmental (planet), although in this context the main focus is on the economic and social aspects.

CONCLUSION

Research on the development strategy of fish processing MSMEs in Kampar Regency shows that *the Strength-Opportunity* (SO) strategy is the most appropriate approach to optimizing regional potential. This strategy leverages internal strengths, such as the availability of local raw materials, community skills, and government support, to address growing market opportunities, including export potential.

The findings emphasize the need to focus on diversification of catfish-based products, the application of modern processing technologies, and digital marketing to expand market reach and increase the competitiveness of MSMEs. From a methodological perspective, SWOT analysis has proven effective as a tool for formulating strategies for developing MSMEs based on local resources.

Thus, the resulting strategy is not only relevant and applicable for MSMEs in Kampar Regency, but can also be used as a reference for the development of similar sectors in other regions with comparable fisheries potential, thereby providing a real contribution to economic growth and sustainable community welfare.

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