MAPPING FINANCIAL POTENTIAL OF SMALL AND MEDIUM ENTERPRISES (SMEs) AND THE ECONOMIC SECTOR OF SERANG DISTRICT

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Abstract: The existence of Micro, Small, and Medium Enterprises (MSMEs) in Indonesia is considered as an economic buffer for three main reasons: 1) better performance at producing a productive workforce; 2) productivity increase through investment and actively following changes in technology; and 3) flexibility advantage compared to large business. The number of human resources who have the potential to become SME actors in Serang District is currently quite large, and the industrial sector is a superior sector that provides the largest contribution to the GRDP of Serang District. The purposes of this study were to find out how to map the financial potential of SMEs in Serang District and how to grow and map the economic sector in Serang District. This study used quantitative and qualitative analysis techniques (mixed methods), focusing on field conditions and the community in the studied area. This study found things that could increase MSMEs' financial potential in Serang District, namely capital, licensing, and product quality and marketing. Based on LQ analysis, the agricultural sector's outputs could be exported and expand the trade market share in other countries. Besides, Serang District is located in quadrant 3, with five potential economic sectors that could be developed further. Other economic sectors' potentials could be explored by subsector and be developed further.

Keywords: SME financial potential, regional economic potential, klassen typology, location quotient, regional economy

Abstrak: Keberadaan Usaha Mikro, Kecil, dan Menengah (UMKM) di Indonesia dianggap sebagai penyangga ekonomi akibat tiga alasan utama: 1) kinerja yang lebih baik dalam menghasilkan tenaga kerja yang produktif; 2) peningkatan produktivitas melalui investasi dan aktif mengikuti perubahan teknologi; 3) keunggulan fleksibilitas dibandingkan usaha besar. Jumlah SDM yang berpotensi menjadi pelaku UMKM di Kabupaten Serang saat ini cukup banyak dan sektor industri merupakan sektor unggul yang memberikan sumbangsih terbesar terhadap penerimaan PDRB Kabupaten Serang. Tujuan dari penelitian ini untuk mengetahui bagaimana pemetaan potensi keuangan UMKM di Kabupaten Serang dan bagaimana pertumbuhan dan pemetaan sektor perekonomian di Kabupaten Serang. Penelitian ini menggunakan teknik analis kuantitatif dan kualitatif (metode campuran) yang fokus pada kondisi lapangan dan masyarakat di daerah penelitian. Penelitian ini menemukan hal-hal yang dapat meningkatkan potensi keuangan UMKM di Kabupaten Serang, yaitu permodalan, perizinan, dan kualitas produk dan pemasaran. Berdasarkan analisis LQ, hasil produksi sektor pertanian berpotensi untuk dapat diekspor dan memperluas pangsa pasar perdagangan di negara lain. Selain itu, Kabupaten Serang terletak pada kuadran 3, dengan lima sektor perekonomian yang potensial yang masih dapat berkembang lagi. Sektor perekonomian lainnya dapat digali potensinya berdasarkan subsektor dan dikembangkan lebih lanjut.

Kata kunci: potensi keuangan UKM, potensi ekonomi daerah, tipologi klassen, location quotient, ekonomi daerah

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INTRODUCTION

Development is a process of change implemented by all nations because development is an inseparable part of efforts to achieve progress for the nation itself. Whereas national development is a series of development efforts carried out continuously and covers all aspects of the community, nation, and state. A national development's main objective is to create a just and prosperous society that is evenly based on Pancasila and Indonesia's 1945 State Constitution. National development is carried out jointly by all components, namely society and government. Community is the main actor as a motor in the development, while the government is a director or controller who can later create an atmosphere that supports one another. The main development element lies in making new combinations in an economic activity containing various possibilities in a developing and steady-state. This new combination appears in the form of what is called innovation (Bachtiar, 2015).

On the other hand, economic development focused on the District/city area that has been taking place in Indonesia so far has been ongoing to advance the region. It relates to the existence of authority granted to the regions since regional autonomy policy implementation. The center of economic growth and regional potential is an alternative to drive and accelerate development to increase community income and realize equitable development among regions (Rusdi, 2014).

One thing that can improve the economy in an area is entrepreneurial activities based on just economic democracy. One of the activities or businesses that could contribute in this direction is the small and medium scale economic activities, which are numerous and scattered throughout the country. Micro, Small, and Medium Enterprises (MSMEs) could expand employment opportunities and provide broad economic services to the community. They could contribute to equitable distribution, community income increase, encouraging economic growth, and realizing national stability (Soleh and Irmanelly, 2018).

MSMEs in Indonesia act as an economic buffer due to three main reasons: 1) SMEs tend to have a better performance at producing a productive workforce; 2) SMEs often increase productivity through investment and actively following technological changes; and 3) SMEs are believed to have flexibility advantage over large businesses. The role of the government is needed to have high competitiveness in capacity building and to form clustering by ensuring two things: 1) Cooperation between SMEs in the cluster must be strong in production, procurement of raw materials, marketing, innovation, etc.; 2) The cluster must have a strong working network with all stakeholders (Supriyanto et al. 2017).

SMEs' contribution to the Indonesian economy was relatively small, only 43.08% of total constant GDP in 2013. Although 99.9% of Indonesia's total enterprises were SMEs and 93.63% of laborers were working there, problems faced by SMEs, causing them to have a relatively small contribution to the Indonesian economy. The problems were as follows: Lack of capital, difficulties in procuring raw materials, lack of access to relevant business information, difficulties in marketing and distribution, low technological capabilities, high transportation costs, communication problems, problems caused by cumbersome and costly bureaucratic procedures, and policies and regulations that generate market distortions (Rifin, 2019).

SMEs play a vital role in realizing national development goals. They could also be considered a locomotive of national and regional economic growth due to their potential to empower all available resources and encourage entrepreneurship development. However, SMEs in Indonesia still face various problems, including promotion, marketing, and product sales. Micro-businesses in Indonesia still conduct their transactions conventionally, especially those in the agribusiness sector. According to the Ministry of Communication and Information, only around 3.79 million SMEs (8%) in Indonesia are using online platforms to market their products. Whereas the number of Indonesian online customers have reached 24.7 million people. So, the involvement of SMEs digitally could increase economic growth by 2% (Manalu et al. 2020)

According to the Serang District's Cooperative, Industry, SMEs, and Trade Office (Diskoperindag), the number of human resources who have the potential to become MSME actors in Serang District currently reaches 26,919 people. The government is preparing information technology training for 145 young entrepreneurs, production training for 20 MSME actors, and training for food safety counseling for 143 MSME actors (Garizahaque, 2018).

Based on Table 1, the industrial sector was the leading sector that contributed to the GRDP revenue. The condition of an area or country's economic structure could be determined by calculating these economic sectors. An area is said to be agrarian if the agricultural sector's roles are very dominant to the GRDP, and vice versa. It is said to be an industrial area if the more dominant is the industrial sector (Adisasmita, 2010).

Serang District could be developed in a better direction. Researchers conducted a mapping of regional economic potential using the Location Quotient (LQ) analysis to support the development. This analysis could show that economic sectors are the basis for development to support economic growth. Based on the above description, the researchers were interested in conducting further research to analyze the village government's potential and participatory role.

This research is different from previous research. It mapped the financial potential of MSMEs and the potential of the economic sectors in Serang District to find out the superior economic sectors that have the potential in the export sector and map the Serang District area in the growth quadrant. Previously, no journal described this. The previous research used as a reference by this study was conducted by Supriyanto et al. (2017). The study aimed to identify and analyze regional economic development requirements and identify the regional potentials of MSMEs. The case studied was the MSMEs, which have a permit in Semarang City. The method used was the development of a lifecycle-based information system. The design and implementation of map-based information development were carried out to provide accurate, easy, and useful information in policymaking. MSMEs were designed in a cluster to facilitate decision making. The benefit of this research was to provide easy-to-understand information about MSME clusters, especially based on assets and recent business turnover in an area and its compatibility with existing regional potentials, with information in the form of text and maps.

Table 1. Serang District's GRDP based on constant prices by business field (billion Rupiahs)

PDRB's Sector	Serang District GRDP Data Based on Constant Prices by Business Field (Billion Rupiahs)				
	2014	**2015**	**2016**	**2017**	**2018**
Agriculture, Forestry and Fisheries	3700.39	3954.27	4212.1	4383.5	4525.73
Mining and excavation	42.45	45.71	47.96	49.96	52.53
Processing industry	21763.99	22749.51	23694.59	24786.47	25911.68
Electricity, Gas Procurement	199.7	209.33	229.25	252.18	260.96
Water Supply	14.4	15.28	16.3	17.67	18.32
Construction	3963.54	4047.14	4298.08	4560.61	4930.29
Wholesale and retail trade; and repair of cars and motorbikes	3922.74	4115.74	4259.76	4501.27	4691.31
Transportation and Warehousing	1443.35	1517.59	1649.83	1793.41	1947.53
Provision of Accommodation and Food and Drink	987.35	1026.95	1087.61	1166.89	1256.57
Information and Communication	511.05	526	536.87	569.14	607.07
Financial Services	979.18	1072.32	1256.91	1296.14	1363.93
Real estate	2087.05	2185.87	2300.92	2476.94	2703.81
Company Services	95.15	97.39	100.92	106.18	111.09
Government Administration, Defense and Mandatory Social Security	819.22	840.63	880.56	920.36	970.52
Educational Services	1381.91	1401.53	1457.87	1548.11	1649.42
Health Services and Social Activities	214.25	224.04	242.59	261.73	277.71
Other services	415.46	425.29	443.06	474.21	506.41
PDRB	42541.18	44454.58	46715.18	49164.76	51784.88

Source: BPS of Kabupaten Serang, 2014-2018

Other research referred was conducted by Bachtiar (2015), which proved that the regions' potential is indeed different. The research showed, in general and in detail, the potential of the regions in East Java. In the study, the economic sector's growth was examined using the typology model in each East Java's District and city (Surabaya and its surroundings).

Based on the above description, MSMEs' financial potential could support the household and regional economy. In every region, it is good to have adequate MSMEs, so in this study, further research needs to be conducted on: How is the mapping of MSMEs' financial potential in Serang District?; How is the growth and mapping of the economic sector in Serang District?. This study aimed to determine the mapping of the financial potential of MSMEs and growth and mapping of the economic sector in Serang District.

METHODS

This study used a rationalistic approach. This method explains the research in general-specific. All the sciences in this method are derived from the use of intellectuals built on logical argumentation abilities. The method also states that valid science is an abstraction, simulation, or idealization of reality and is proven to be coherent with its logic system (Sugiyono, 2012).

This study's population was citizens and power holders in Serang District, such as family heads, community leaders, business people, and officials. The respondents consisted of 10 power holders and 145 MSME actors, so that the number of overall samples was 155 people. The sampling method used in this study was random sampling, by which the samples were selected on a specific basis following the study's objectives. This study utilized quantitative and qualitative analysis techniques (mixed methods) that focused on field conditions and the studied area's community. The quantitative analysis technique emphasizes aspects of measurement objectively of social phenomena. Each social phenomenon is broken down into several components of problems, variables, and indicators to conduct measurements. Meanwhile, the qualitative analysis technique emphasizes an in-depth understanding of a problem rather than looking at the problem for generalization research. This study prefers to use in-depth analysis techniques to examine cases because the qualitative methodology believes that one

problem's nature will be different from the nature of other problems. The purpose of this method was not a generalization but an in-depth understanding of a problem.

Location Quotient Analysis (LQ)

LQ approach is an analytical technique to determine the potential specialization of a region to the main economic activities or determine the base sector, namely the economic sector that could meet its region's and other regions' needs. The formula of LQ is as follows (Wasil, 2012):

$$LQ = (vi/vt) / (vi/vt) = (vi/vi) / (vt/vt)$$

Description: vi (specific sector revenue in a region); vt (total income of the area); Vi (regional sector similar income); Vt (total regional income).

Klassen's Typological Analysis

Klassen's typology is an analytical tool used to find a picture of the pattern and structure of economic growth in each region. Klassen's typology divides regions based on two leading indicators: regional economic growth and regional per capita income. Through this analysis, four characteristics of different economic growth patterns and structures are obtained: high-growth and high-income areas, high-income but low-growth regions, high-growth areas (high growth) but income), and relatively disadvantaged areas (low growth and low income). Klassen Tipology is one of the regional economic analytical tools that could be used to determine the classification of economic sectors to identify the position of the economic sector of Serang District (Wahed, 2018).

As one of the autonomous regions, Serang District is required to become an independent district by finding out its economic potentials, mapping out these potentials, and developing them to become a driving force for economic development. Therefore, the researchers conducted regional economic potential mapping using LQ and classification typology analysis to divide the economic sectors into four groups based on the growth and contribution to GRDP. The researchers found that natural and human resources could support tourism sites' development (arts, agriculture, plantations, and animal husbandry tourism). The more productive use of human resources would help the processing and

marketing of all aspects of support for increasing rural development. It is similar to the village development program launched by the President of the Republic of Indonesia. If economic growth is directed at areas with potential regional facilities and strategic locations, it would accelerate economic progress and encourage the country to become a developed country. Therefore, researchers would map the village potential based on 1) Social, economic, political, and cultural aspects, 2) Human resources, natural, and environmental aspects, and 3) Ideology. The researcher describes the framework of thinking in Figure 1.

RESULTS

Regional Economic Potential and MSMEs

Banten provincial government territory consists of two cities, four regencies, 140 subdistricts, 262 villages (of cities), and 1,242 villages (of regencies). Banten Sea area is one of the potential sea lanes. Banten is also a crossing connecting two major islands in Indonesia, namely Java and Sumatra. The population of Banten Province in 2017 was 12.45 million people, with 5.6 million workforces and 5.1 million people employed. The number of unemployed people in Banten Province was 499 people. Of course, the unemployment rate is still reasonably high, and it is necessary to optimize employment absorption (Juliannisa and Siswantini, 2020).

Serang District is a gateway or land transportation transit between Java and Sumatra islands and an alternative and buffer area (hinterland) of Jakarta as it is only about 70 km away. Besides, Serang District has a position as the provincial capital. So that if this potential could be actualized and optimized, it is expected that in the future, Serang District would become a developed region and has a very rapid level of economic and social development and growth. Economic growth is one of the most critical indicators in analyzing economic development in a country or region. Economic growth shows the level of economic activity that generates additional income to the community at a certain period. In addition to the economic sector potential, there is MSMEs' potential. Data from hundreds of MSMEs will be submitted to the central government. MSMEs that are entitled to receive assistance are ones with a micro and small business permit issued by the sub-district. Assistance can be in the form of money that can later be channeled directly into each recipient's accounts so that nothing would be misused (Banten, 2020).

Small businesses have three challenges in developing and competing in an increasingly broad market: capital, licensing, product quality, and marketing. Diskoperindag seeks to facilitate small and medium business operators in Serang District to overcome small businesses' four main problems. The quality of MSME products from Serang District is not inferior to the preparations that already exist in the minimarket today. However, employees still need training and provisioning from various parties to improve the products' quality. The SMEs must maintain the selling standards to remain balanced with the quality consumers are searching for (Jahari, 2020).
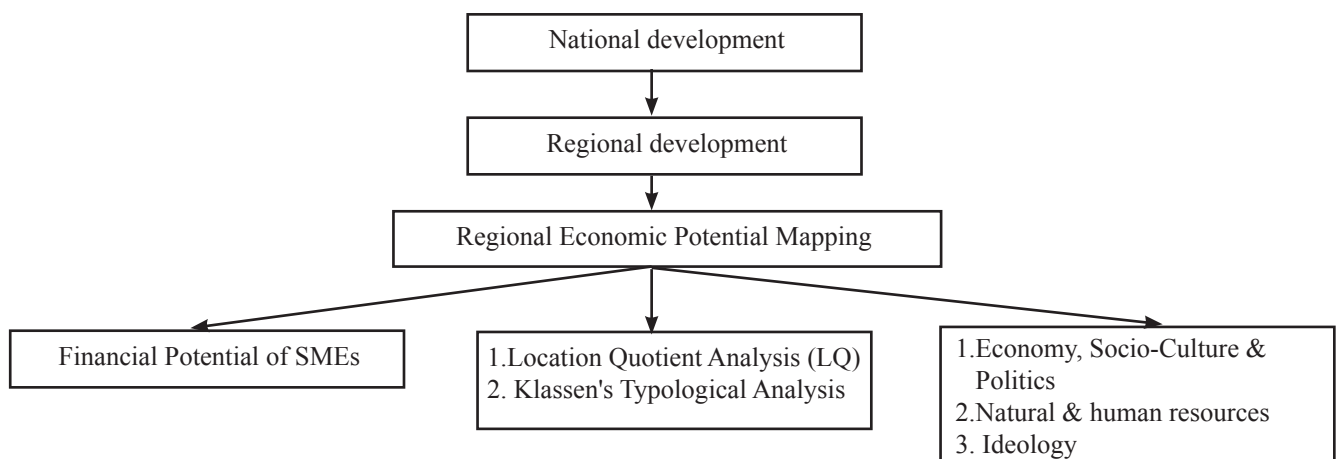

Figure 1. Research framework

Analysis of the Financial Potential of the Serang District UMKM

Serang District, with an area of 1,467.39 km², had 29,791 MSMEs, which were spread across 29 districts. The Table 2 is the distribution and data of MSMEs in Serang District in 2019. The research team mapped the causes of MSMEs' financial potential (Figure 2) based on the mapping of MSME challenges carried out by the Diskoperindag, as well as the results of interviews and also Focus Group Discussion (FGD) with residents, SMEs, and policymakers.

Table 2. Recapitulation of MSMEs in Serang District, 2019

Subdistrict	Total			Total
	Micro Business	Small Business	Medium Business	
Anyar	1405	181	12	1598
Bandung	377	69	1	447
Baros	436	216	10	662
Binuang	285	17	1	303
Bojonegara	391	62	19	472
Carenang	565	298	0	863
Cikande	1817	120	31	1968
Cikeusal	1817	269	6	2146
Cinangka	1782	137	9	1928
Ciomas	1458	324	20	1802
Ciruas	888	198	4	1090
Gunungsari	697	163	29	889
Jawilan	428	79	3	510
Kibin	442	159	18	619
Kopo	921	20	3	944
Kragilan	290	267	18	575
Kramatwatu	497	82	25	604
Lebak	970	99	6	1075
Mancak	1665	160	1	1826
Pabuaran	715	42	10	767
Padarincang	1458	172	40	1670
Pamarayan	362	155	12	529
Petir	261	139	2	402
Pontang	996	209	36	1241
Puloampel	83	75	16	174
Tanara	746	133	5	884
Tirtayasa	695	114	3	812
Tunjung Teja	486	39	14	539
Waringin Kurung	2343	101	8	2452
Total	25.330	4.102	362	29.791

Many companies just relied on and tried to change and keep improving the concept of finance, but it was not only the cost efficiency that should be improved. Concerning the Balanced Scorecard concept that would be used, three other factors must be improved: internal factor, customers, and learning and growth. Based on the four perspectives on the Balanced Scorecard, a weighting was then carried out. The results were prioritized using the statistic tool to accommodate the objectives, namely Analytical Network Process (Anggari et al. 2017).

Potentials that could increaseMSMEs'e financial potential in Serang District were capital, licensing, and product quality and marketing. For capital, so far, 55% of MSMEs used their capital, 15% gained capital/subscriptions from the government, 8% came from private companies' assistance, and 22% came from individual loans such as moneylenders or family.

The total number of MSMEs in Serang District was 29,791. MSME actors involved in this study were 155. Still, only 78% had registered permits, with 42% location permits, 15% district/village permits, and 21% national licenses (BPOM and MSME registration permits). As many as 22% of the total MSME actors did not have licenses regarding location, subdistrict/village, and national levels. Those who did not have a permit thought that obtaining a permit was not easy, required cost, and not to mention needs to move locations frequently.

Regarding product quality and marketing, many respondents answered about the best quality of taste. In terms of packaging, sometimes there were MSME products that have not attracted attention, but the product's taste was delicious. Therefore, it is necessary to provide training for creating attractive designs/marketing for MSME products. For marketing, the price that has been set by MSMEs could be considered affordable. Still, there were location issues. Many MSMEs did not have a strategic location and were nomadic due to the expensive rental fees. Moreover, the Covid-19 pandemic caused MSMEs to be out of business, thus unable to pay the store's rent. Many products were made in vain because they were no longer consumed, and with low prices, it seemed impossible to survive to trade during the pandemic.
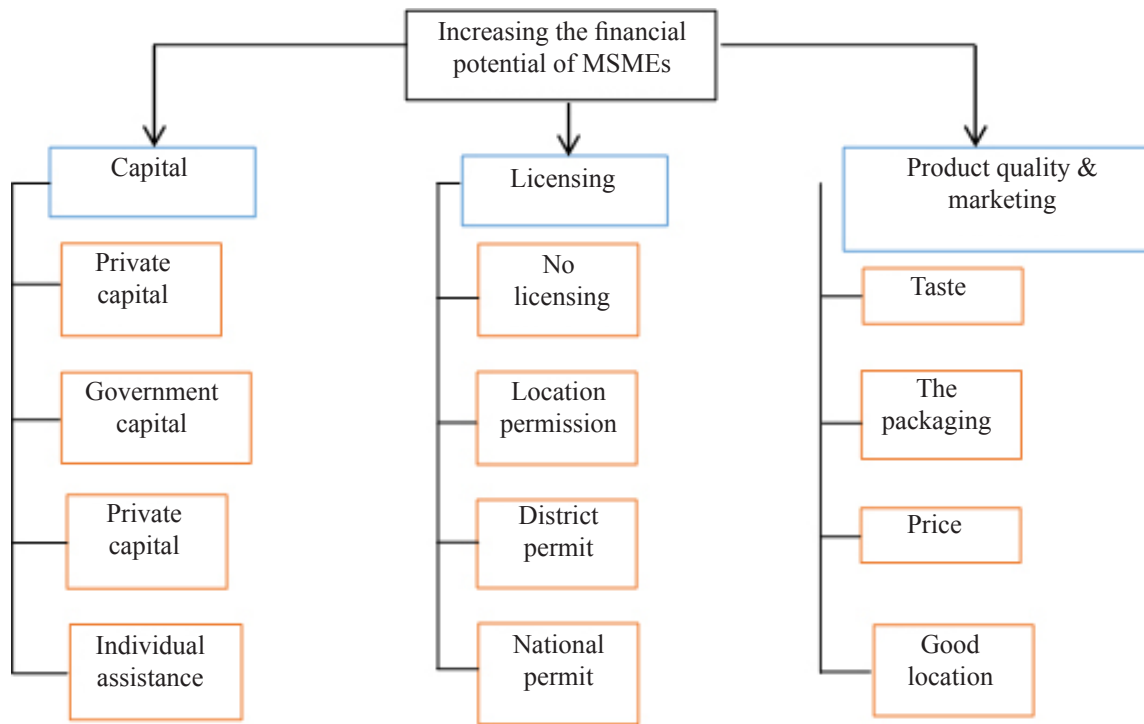
Figure 2. Financial potential of MSMEs

Regional Potential Mapping of Serang District

This potential mapping was carried out by conducting FGD and interviews with residents, SMEs, and policymakers in Serang District. Regional potential mapping of Serang District in Table 3.

Location Quotient Analysis (LQ) In 2019

The following are the Serang District's GRDP data processing results analyzed using LQ analysis to determine the district's superior sector position. Based on Table 4, it could be seen that the agricultural sector had the highest LQ value of 1.78, which meant that the agricultural sector's production results had the potential to export and expand the market share of trade in other countries. Of course, this LQ analysis results were in sync with the results of the potential mapping interviews conducted by the research team, as shown in Table 5. Besides, several other sectors had the potential to export the community's products, such as; Processing Industry, Construction, Government Administration, Defense and Compulsory Social Security, and Educational Services.

Klassen Typology Analysis

Klassen Tipology is a regional economic analysis tool that could be used to determine the classification of economic sectors to identify the position of the Serang District's economic sectors (Wahed, 2018).

Based on this study's results, Serang District was located in quadrant 3 with five potential economic sectors that could still develop. Other economic sectors' potentials could be explored per sub-sector and further developed. As time goes by, with the help of technology, sectors that have sub-sectors would be easy to promote and improve their competitiveness according to market interests and needs. Quadrant II (developing sector) comprises areas with high potential income but do not adequately have the capability. Generally, governments improve this condition in developing countries, including in Indonesia. Condition on Quadrant II is a condition that is quite vulnerable because it will become an arena for the interests of many parties, including foreign parties, to scramble to exploit (exploit) the enormous potential that is not well managed. Following is an explanation of the sub-sectors' economic potentials in the Serang District (Wulandari, 2018)**.**

Table 3 Regional potential mapping of Serang District

Variable	Scale of Measurement
The Economy	The economic potential, especially in MSMEs, was 25,330 micro-businesses, 4,102 small businesses, and 362 medium businesses, making a total of 29,791. The priority products were emping, bags, earthenware products, blacksmith/machete products, crackers and bontot, fossil stone products, and shell craft products (Diskoperindag, 2018).
Environment and Resources	The Serang District Government targets the construction of 75km road infrastructure, which has reached 30% to date. Several subdistricts' roads have been completed and would be completed, including in the Subdistrict of Ciomas, Pabuaran, Kramatwatu, Waringinkurung, Bojonegara, Cikuesal, Lightning, Bandung, Kopo, Jawilan, Cikande, Ciruas, Pontang, Lebak Wangi, and Tunjung Teja.
	The maximum results have not been achieved in waste management because factories around Serang District did not dispose of the waste in its place.
	The crime rate in Serang District was high as there were still cases of theft and snatching. Moreover, during the pandemic, the crime rate gets higher because many people become unemployed and have no income.
	Many residents had children with the latest education of only elementary school and junior high school. Based on BPS, Serang District has experienced an increase in the school's average length by 7.17%. Serang District's government has provided education subsidies for elementary school scholarships totaling 1,650 students with 1,250 underprivileged students, 313 students with outstanding achievements, and 87 hafidz Quran students.
	Local residents perform a local culture called Ngagurah Danau tradition to welcome the harvest season.
Political	In Serang District, the political level was still high. There are many political cadres in each village.
Social and Culture	Serang District government continues to expand community access to health services by sustainably constructing health facilities and infrastructure and increasing the number of health center personnel, including providing 100 village ambulances and reward funds for 7,665 cadres of 1,533 Posyandu in Serang District. Accrediting 31 Puskesmas improved access to services in all subdistricts.
	There is tourism potential in Serang District, especially in coastal tourism, with many visitors from inside or outside Banten, such as Anyer, Cinangka, Situ Tasikardi, Gunung Pinang, Situ Terate, etc. The tourism potential is quite promising to gain local revenue for Serang. Unfortunately, it has not been explored to the maximum because it is constrained by several things, such as many illegal or official beaches but not owned by the government. The income of tourism also decreases due to the pandemic as people are not allowed or limited to travel.
Ideology	Serang District people's ideology is the spirit of togetherness, religion, justice, and prosperity. The concept to develop Serang District is the principle of mutual cooperation.

Table 4. LQ analysis results

Economic Sector	LQ	Information
Agriculture, Forestry, and Fisheries	1.78	LQ> 1 means that the region specializes more in this sector so that it can export.
Mining and excavation	0.18	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Processing industry	1.39	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Electricity and Gas Procurement	0.37	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Water Supply, Waste Management, Waste and Recycling	0.29	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Construction	1.09	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Wholesale and retail trade; Car and Motorcycle Repair	0.66	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Transportation and Warehousing	0.59	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Provision of Accommodation and Food and Drink	0.94	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.

Table 4. LQ analysis results (continue)

Economic Sector	LQ	Information
Information and Communication	0.13	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Financial Services	0.94	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Real estate	0.54	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Company Services	0.22	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Government Administration, Defense, and Mandatory Social Security	1.28	LQ> 1 means that the region specializes more in this sector so that it can export.
Educational Services	1.25	LQ> 1 means that the region specializes more in this sector so that it can export.
Health Services and Social Activities	0.44	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.
Other services	0.71	LQ <1 means that the region does not have a specialization in this sector. To meet the region's needs, it has to import or get from other regions.

Development strategy and agricultural sector efficiency in one area could be carried out if the government knows its region's potentials. In this case, an agricultural sector's potential commodity in one region can be identified by looking at its region's similar potential. Identifying an area with a food crop and horticulture development potential becomes very important in the sustainable context. It can help the policymakers to determine their agricultural development policy. Especially in terms of food crops and horticulture, they need to be more concentrated (Wahyudi et al. 2016).

Managerial Implications

MSMEs have great financial potential by utilizing strategic capabilities in controlling market share and creating a superior environment with the participation of local governments that can embrace the people, work opportunities and confidence are the basis for growing the pace of the local economy.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Based on this research results, the matters that could increase MSMEs' financial potential in Serang District were divided into three parts, namely, capital, licensing, and product quality and marketing. The results from the respondents indicated that the quality of the product was more important than other aspects. Still, it would be better if given the training to make attractive designs/packaging for the SME product. For LQ analysis, the agricultural sector had the highest LQ value, which means that its outputs can potentially be exported and expand the market share of trade in other countries. Besides, several other sectors have the potential to export their outputs, namely Processing Industry, Construction, Government Administration, Defense and Compulsory Social Security, and Education Services. Meanwhile, based on Klassen Typology analysis, Serang District was located in quadrant 3 with five potential economic sectors. The economic sectors' potentials could be explored per sub-sector and developed further along with the times and technology to promote and improve competitiveness according to market interests and needs.

Recommendations

The local government needs to pay more attention to how licensing should be applied by MSME actors because there are still MSMEs that do not conduct licensing. The licensing could make it easier for MSMEs to get capital assistance from the government. The economic sectors that should be more supported by the local government are the agriculture, fisheries, plantation, industry, and construction sectors. The government is expected to work together to make these sectors a success to contribute to exports.

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