

ANALYSIS OF INCREASING PRODUCT SALES VALUE THROUGH SUSTAINABLE BUSINESS PLANNING IN MSMEs IN MEDAN CITY

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ABSTRACT

This study aims to analyze the increase in product selling value through sustainable business planning in Micro, Small, and Medium Enterprises (MSMEs) in Medan City, especially those engaged in handicrafts. The majority of MSMEs in this sector are known to face challenges in the sustainability of their businesses due to the lack of effective business planning. This research method involves in-depth surveys and interviews with a number of handicraft MSMEs in Medan City, namely a total of 36 MSMEs. The collected data will be analyzed using qualitative and quantitative approaches. The results of this analysis will provide a comprehensive overview of the obstacles faced by MSMEs in managing their businesses, especially related to aspects of business planning. This research highlights the need for better business planning as the key to increasing the selling value of MSME products. By formulating a sustainable business plan, it is hoped that MSMEs can identify and overcome problems that often arise in their business activities. In addition, this study also explores the positive impact of sustainable business planning on increasing the competitiveness and marketing of MSME products. The results of this study are expected to provide practical recommendations to handicraft MSMEs in Medan City, as well as to related stakeholders, such as local governments and MSME supporting institutions. The implementation of sustainable business planning is expected to make a significant contribution to increasing the selling value of MSME products and in turn, improving the welfare of MSME owners and economic growth in the region. Thus, it can be understood that careful business planning is indeed very important.

Keywords: *MSMEs, Business Planning, Handicrafts*

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INTRODUCTION

Business activity is an activity that requires competence and proficiency in making efforts to improve product quality. The business world certainly always requires effectiveness and efficiency in its financial management (Dana et al., 2021; Obrenovic et al., 2020). It does not rule out the possibility that everyone involved in managing the business must strive to improve its quality and ability in an effort to increase turnover. The rise of efforts made in order to manage MSMEs in the city of Medan, certainly provides a separate view in relation to improving business quality. The identification is that the more productive an MSME is, it will always improve the quality of the economy in a region.

MSMEs are one of the businesses that are currently quite helpful to the national economy. The absorption of resources and labor, especially the surrounding community, helps the government in creating jobs for the community (Arifin et al., 2021; Blongkod & Rasjid, 2021; Kurniawan, 2020). Currently, increasing competence is needed for MSME players in the midst of very tight business competition (Affandi et al., 2020; Mardikaningsih et al., 2022; Rahmadani & Jefriyanto, 2021). One way that the business to be done can win the competition needs to be a business plan. Business planning will make the business run in a directed manner and in accordance with the specified goals. Many people want to make a business but are

always constrained by capital that must be large, do not have a shop or place of business (Redjeki & Affandi, 2021; Sutaguna et al., 2023). More than that, there is something even worse because they do not have the idea to open a business.

A business plan is a document written by an entrepreneur that is prepared to describe all relevant elements both internal and external elements about the company to start a business (Tiffany & Peterson, 2022). The planning contains marketing, capital, manufacturing and human resource planning. In other words, prospective entrepreneurs must describe what the business will be like, in which direction the business will be run.

At the beginning of business growth, a business plan is useful for predicting or increasing capital for development, and if in the end business people decide to sell the business, then the business plan can contain strategies and business transfer plans. Currently, increasing competence is needed for MSME players in the midst of very tight business competition. In addition, business actors need to know whether existing business ventures can provide profits in accordance with the business and capital that has been spent (Busch et al., 2024; Wahdiniwaty et al., 2022). To be able to find out whether the business is feasible or not in investment development so that the company continues to exist and provide optimal profits, it is necessary to evaluate or assess the aspects in the company.

Product quality is a product's ability to perform its functions, that ability includes durability, reliability, accuracy, which the product obtains in harmony (Kotler & Keller, 2016). The conventional definition of quality is a performance as a direct description of a product, reliability, easy to use, aesthetics and so on (Andri et al., 2022; Das Guru & Paulssen, 2020; Solin & Curry, 2023). In the sense of strategy, quality is everything that can provide consumer needs according to what consumers want (Lina, 2022; Naini et al., 2022). The better the quality of the product, the more interest consumers who want to buy the product will increase

Based on various studies that have been conducted before, it can be understood that business planning will provide significant improvements optimally, in managing its business. Thus, based on the background above, the title of this study is "Analysis of Increasing Product Selling Value through Sustainable Business Planning for MSMEs in Medan City".

METHOD

This research uses data analysis methods using SmartPLS software version 3.0. which is run with computer media. PLS (*Partial Least Square*) is a variant-based structural equation analysis (SEM) that can simultaneously test measurement models as well as test structural models. Measurement models are used for validity and reliability tests, while structural models are used for causality tests (hypothesis testing with predictive models). There are several reasons that cause PLS to be used in a study. In this study these reasons are: first, PLS (*Partial Least Square*) is a data analysis method based on the assumption that the sample does not have to be large, namely the number of samples less than 100 can be analyzed, and residual distribution. Second, PLS (*Partial Least Square*) can be used to analyze theories that are still said to be weak, because PLS (*Partial Least Square*) can be used for prediction. Third, PLS (*Partial Least Square*) allows algorithms using series ordinary least square (OLS) analysis so that algorithm calculation efficiency is obtained (Ghozali, 2006). Fourth, in the PLS approach, it is assumed that all measures of variance can be used to explain. The test will give a strong or even weak effect on the various variables tested, using a two-step approach. In addition, the

test used is called the interaction test, which measures the interaction between several other variables. In addition, in the process of collecting and analyzing this data when using SmartPLS, it will ignore the assumption of normality. So when ignoring the assumption of normality, in this study normality data will not be displayed in the results of the study later.

Tabel 1. Parameter Pengukuran dan Pengamatan

Variable	Variable Justification	Measurement Scale
Business Planning (Y)	Business planning is an excellent strategy in managing business activities, business planning will improve the ability of an MSME in order to create more valuable products. With a careful planning, it will increase the ability owned by MSMEs	Interval
Business Development (X1)	Business development can be done when an MSME listed here has strong capabilities in connection with independence in managing its business. In addition, having the ability to read market opportunities and make an effort to manage its business become the main point that must continue to improve Sustainable.	Interval
Product Selling Points (X2)	The selling value of products will always increase if the products produced by the MSMEs concerned always experience quality improvement. Product quality will be created if MSMEs are able to read market needs which are indeed the main factor in managing the desired product. Thus, the better the product management and the ability to read market needs, it will certainly be able to produce quality products.	Interval
Customer Competitiveness (X3)	Customer competitiveness should get a positive response from MSMEs who always want to be maji. Customer competitiveness will provide enthusiasm to MSMEs in an effort to improve the quality of their products and their ability to maintain an existence in an organization.	Interval

The model used in this study is as follows:

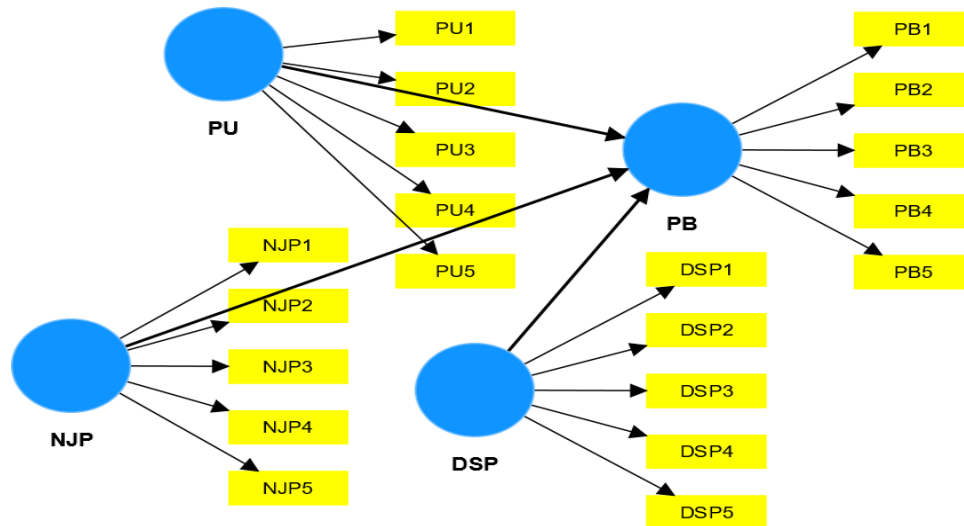


Figure 1. Conceptual Framework

The research design in this study is as follows:

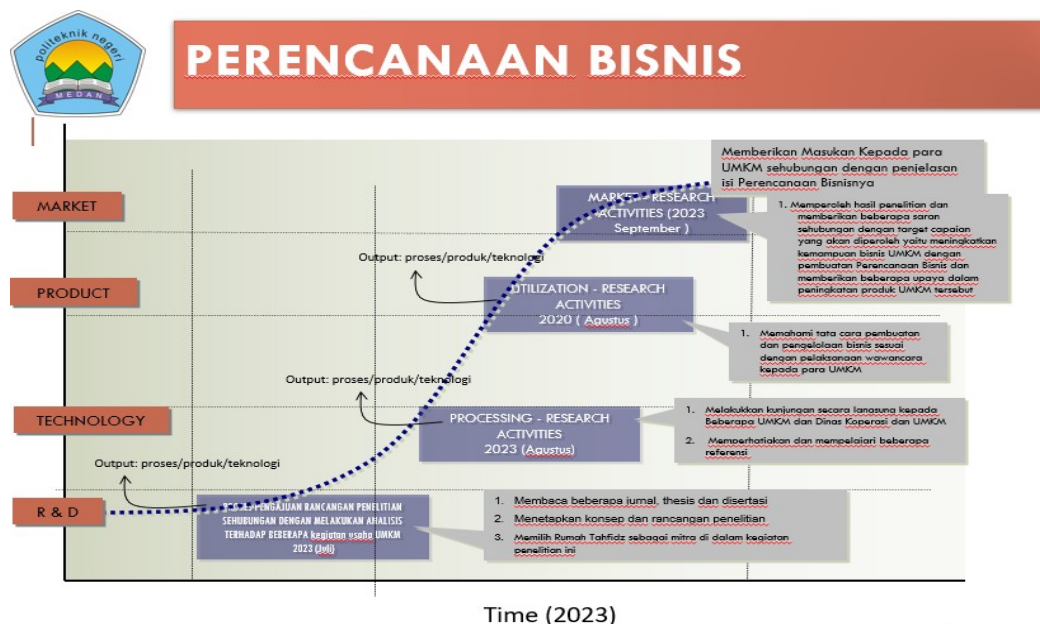


Figure 2. Research Design

RESULTS AND DISCUSSION

The result of this study is that there is an R Square value and an Adjusted R Square value which explains in connection with the strong influence given by the independent variable on the dependent variable. Although basically the independent variables in this study are still quite

small, but the meaning of the R Square value of 0.344 and the Adjusted R Square value of 0.410 is that all independent variables in this study consisting of business development, product selling value, and customer competitiveness which overall affect the dependent variable, namely business planning. The value of R Square is quite strong, which explains that 34% of the independent variable is able to affect well the dependent variable.

Table 2. R Square and R Square Adjusted

	R Square	R Square Adjusted
PB (Y)	0.344	0.410

For business development, it is able to influence the dependent variable with a value of 0.665 which means that the influence given to business planning is strong. Then, for the second independent variable, it can be seen that the selling value of the product is basically able to influence the dependent variable with a value of 0.765 which means it is able to influence strongly. Then the third is the independent variable of customer competitiveness which has a value of 0.119 which means that it is able to influence the dependent variable in this study at the medium level. Thus, all independent variables in this study are able to influence the dependent variable with their respective magnitudes or levels.

Table 3. The Relationship Between the Independent Variable and the Dependent Variable

PB (Y)		
PB (Y)		
PU (X1)	0.665	Strong
NJP (X2)	0.765	Strong
DSP (X3)	0.119	Medium

Overall, the results of this study are explained with respect to matters related to the importance of business planning that has been researched from the beginning. Thus, it can be seen that indeed careful business planning is very important for every business. Whether it's small, medium or large businesses. Everything does depart from a careful business plan which can then be allocated properly. The better the business plan made, the more directed and the goals to be achieved will also be easier to obtain, because the implementation can be controlled properly and everything can be done measurably.

CONCLUSION

Careful business planning helps in setting clear goals, identifying market opportunities, and formulating effective strategies. By taking into account factors such as financial management, marketing, human resources, and innovation, companies can create a solid and measurable business plan. In the context of MSMEs in Medan City, careful business planning provides a foundation to increase competitiveness, contribute to the local economy, and create a positive impact in a sustainable manner.

The suggestions of the researcher are:

- 1) Keep Evaluating and Updating: Business planning is not a static document. It is recommended to regularly evaluate business performance, adjust strategies, and update planning according to market changes and the business environment.
- 2) Stakeholder Collaboration and Engagement: Engaging stakeholders, including employees, customers, and business partners, can provide additional insights and support needed to execute a business plan effectively.
- 3) Flexibility and Responsiveness to Change: A successful business needs to have the ability to adapt to market changes and external circumstances. Encouraging a culture of flexibility and responsiveness can be a valuable asset.
- 4) HR Capacity Building: Invest in employee skills development and human resource management to ensure that the team has sufficient capacity to execute the business plan successfully.
- 5) Application of Sustainability Principles: Consider the integration of sustainability principles in every aspect of operations. This not only creates a positive impact on the environment but can also increase the appeal of the product in the eyes of consumers who are increasingly concerned with sustainability.

Through the implementation of these suggestions, companies can ensure that the business plan that has been prepared becomes not only a document, but also a dynamic and effective tool to achieve sustainable business growth.

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