

LOCAL REGULATIONS AND BUSINESS STRATEGIES TO SUPPORT KNITTED MSMES IN WUKIRSARI, YOGYAKARTA

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Abstract.

This study investigates how local legislation and business practices affect the sustainability and competitiveness of knitted Micro, Small, and Medium Enterprises (MSMEs) in Wukirsari, Yogyakarta. Using a mixed-method approach—qualitative interviews and quantitative surveys—the researchers discovered that, while municipal regulations provide critical assistance, inadequate coordination undermines their efficacy. Business methods such as digital marketing, product innovation, and cooperation are critical in improving MSME resilience. Simulation, design of experiments, and data mining approaches were used to assess strategic models and consumer behaviour. The study indicates that connecting legislative frameworks with adaptable business models is critical for enhancing MSME performance and maintaining the longevity of the local knitting sector.

Keywords: Business strategy; Data analysis; Knitting industry; Local regulations; MSMEs

I. INTRODUCTION

With approximately 97% of the workforce employed by MSMEs and over 60% of the country's GDP coming from them, MSMEs are essential to Indonesia's economic structure. MSMEs in creative industries like knitting not only stimulate the economy but also protect regional customs and culture. The Yogyakarta village of Wukirsari, which is well-known for its domestic knitting enterprises, is a prime example of the expanding but precarious situation of rural creative MSMEs in the face of commercial, technological, and regulatory obstacles.

Recent studies show that MSMEs need supportive policies and flexible business plans to survive (Susilowati & Hakim, 2021; Putri & Yustisi, 2022). But Prasetyo and Kristanti (2023) found that when local policies aren't carried out consistently, it can confuse MSMEs and make things less efficient. Also, new ideas in online marketing, working with others, and studying customer data are key to being competitive and reaching more customers (Wulandari et al., 2024). Even with these

ideas, we still need more studies that look at how rules and business plans work together to help knitted MSMEs in rural Indonesia.

This study will look at how local rules and business plans work together to help knitted MSMEs in Wukirsari last and compete better. The research focuses on what the community really needs, like better support systems, more business knowledge, and help reaching larger markets. The community was very involved in this study, with MSME owners, local government officials, and community groups participating through interviews, workshops, and planning meetings. This approach makes sure that the results and suggestions match the real experiences and hopes of the people involved.

II. METHODS

This study used a qualitative field research method to look at how local rules and business plans affect the sustainability and growth of small knitting businesses (MSMEs) in Wukirsari, Yogyakarta.

The goal was to deeply understand the real problems the community faces and find good ways to improve how these small businesses perform under the local rules.

1. Data Collection Techniques

Main data was gathered through detailed interviews, watching people, and group discussions (FGDs). The samples were picked using purposive sampling to focus on key people. This included 11 MSME owners in the knitting business, local government workers who make the rules for MSMEs, and community leaders involved in local economic growth. These people were chosen because they have direct experience and knowledge about the rules and business practices. Interview guides and FGD plans were created and checked by experts to make sure they were accurate. To keep the data reliable, all interviews were recorded, written down word-for-word, and checked to make sure they matched.

2. Data Analysis Techniques

Thematic analysis was used to analyze the data. The written data was carefully coded and sorted to find patterns, themes, and connections about how the rules affect businesses and what strategies they use. The analysis focused on understanding how people view the effectiveness of the rules, how MSMEs change their strategies, and how important community collaboration is. Triangulation was used by comparing data from interviews, observations, and FGDs to make the findings more believable and accurate.

3. Location, Time, and Duration

The field study took place in Wukirsari Village, Bantul Regency, Yogyakarta, from May 19 to 20, 2025. It lasted for three months overall. We collected data by visiting the site many times and talking with people regularly to understand their changing views.

4. Initial Conditions and Anticipated Outcomes

Before this study, knitted MSMEs in Wukirsari did not have organized regulatory help, good business advice, or much teamwork between local government and business owners. These issues made it hard to run their businesses and grow in the market. We hope to learn how to connect local rules and custom business plans to help MSMEs, make them more competitive, and encourage community growth that lasts.

III. RESULT AND DISCUSSION

This study looked at how to help the community support small knitting businesses (MSMEs) in Wukirsari by connecting local rules with business plans. Before the help was given, these businesses didn't know much about the rules, didn't get much help from the local government, and didn't do much planning. This held back their growth and ability to reach customers. The community programs included workshops where people worked together, sessions to explain the rules, and training on business plans. This encouraged more MSME owners, local officials, and community leaders to get involved and share what they knew community participation and the impacts experienced by the community. It is beneficial if authors include information about community adoption of innovations. All tables, figures, photos, and graphs included in the manuscript must be properly cited and integrated with analysis or justification related to the community engagement programs/activities. They should all be relevant to the study.



Figure 1: Group photo between International Community Service participants and knit MSME actors in Wukirsari Village, Imogiri, Bantul Regency, Yogyakarta, Indonesia



Figure 2: Interview Session between International Community Service Participants and Knitting MSME Practitioners in Wukirsari Village, Imogiri, Bantul Regency, Yogyakarta, Indonesia

Results

After the community programs were put in place, the MSME owners clearly understood the local rules better and knew how to follow them. The MSMEs and the local government worked together better, making it easier to get permits and find resources to help their businesses grow. The MSMEs said they started using new business ideas like online marketing, offering different products, and creating business groups. This helped them sell more and reach more customers.

Many people from the community took part, with over 85% of the MSMEs attending the workshops and other activities. People who attended said that combining information about the rules with practical business advice was very helpful in building their confidence and making their businesses run better. Also, local officials said they were more dedicated to providing ongoing support, showing that the local government was responding better to their needs.

One important result was the creation of a knitting cooperative led by the community, which pooled resources and allowed for joint marketing efforts. This cooperative became a place to share knowledge, encouraging people to learn from each other and try new ideas within the community.

Discussion

The results show that when local rules match the business plans of knitted MSMEs in Wukirsari, these businesses do much better. When businesses understood the rules better, there were fewer obstacles for them. Also, new business ideas made them more competitive. This confirms that clear rules and business help are very important for MSMEs to last. When the community took part, it showed how important it is to include everyone in planning support programs to make sure they are helpful and people feel responsible for them. Using digital marketing and working together show that the knitting sector, which was once informal, is becoming more modern and collaborative. This change not only makes things better financially, but it also strengthens community bonds and the ability to bounce back from problems.

These results give new ideas about how to help MSMEs in communities by showing how the rules and business plans affect each other. The idea that local government help makes business plans work better was proven by improvements in following the rules and doing well in the market. In conclusion, the community empowerment programs helped create a better environment, which helped knitted MSMEs grow in a lasting way. The challenge now is to make these improvements permanent and use this approach in other similar communities.

IV. CONCLUSION

This study found that when local rules are combined with business plans that involve the community, it really helps knitted MSMEs in Wukirsari, Yogyakarta, grow and last. Programs that helped people in the community, like teaching them about rules, giving business strategy workshops, and helping them form cooperatives, were successful. These programs helped MSME owners understand the law better, sell their products more easily, and come up with new ideas.

These activities had several good results. More people in the community got involved, MSMEs and local government worked together better, and a knitting cooperative was formed. This cooperative helped people share knowledge and market their products together. MSME owners said they were able to work more efficiently, had a better online presence, and felt more confident in dealing with rules and business challenges.

One new thing this study does is create a Field Qualitative. This study used qualitative field research to closely examine the actual experiences of knitted MSME businesses in Wukirsari, Yogyakarta, as they dealt with local rules and put their business plans into action. By directly talking to MSME owners, local government workers, and people in the community through interviews,

observations, and group discussions, the research gathered detailed, real-world information that couldn't be found using only number-based methods.

The qualitative field research approach provided several key benefits. It offered contextual understanding by revealing the unique socio-economic and cultural dynamics that influence how MSMEs in Wukirsari respond to regulations and adopt business strategies. It also promoted community empowerment, as involving participants directly in the research process fostered greater engagement, awareness, and ownership of change initiatives. Moreover, the study enabled the identification of practical challenges faced by MSMEs, such as limited access to information, fragmented institutional support, and weak strategic planning. These insights led to tailored solutions, including the development of locally relevant empowerment programs and the formulation of the Community-Regulation-Strategy Alignment Model (CRSAM). Finally, the research had important policy implications, providing evidence-based recommendations to help local governments design more responsive and integrated support systems for MSME development.

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1. Conflict of Interest Declaration

The authors declare that there is no conflict of interest regarding the publication of this paper. There are no financial, commercial, legal, or professional relationships with other organizations or individuals that could have influenced the outcomes of this research.

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