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SUSTAINABLE VILLAGE ECONOMIC DEVELOPMENT STRATEGY TO ENHANCE REGIONAL COMPETITIVENESS: A SWOT ANALYSIS OF MSME ACTORS IN MEURANDEH, LANGSA CITY

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ABSTRACT

Sustainable village economic development plays a strategic role in enhancing regional competitiveness, particularly in Meurandeh, Langsa City, an area with 716 registered MSMEs whose potential remains underutilized due to limited infrastructure, human resource capacity, and access to markets and capital. This study aims to formulate a sustainable village economic development strategy in Meurandeh, Langsa City, through a SWOT analysis of local MSME actors. A descriptive qualitative case-study approach was employed, involving 35 MSME actors selected through purposive sampling from a population of 716, complemented by in-depth interviews with key stakeholders. Data were analysed using IFAS and EFAS matrices to map internal and external factors, followed by a SWOT (SO, WO, ST, WT) strategy matrix. The IFAS-EFAS results show an internally strength-dominant condition ($S - W = +0.625$), led by local raw-material availability and strategic location, against an externally threat-dominant condition ($O - T = -0.411$), driven mainly by disaster/weather vulnerability and raw-material price fluctuation, placing Meurandeh's MSMEs in Cartesian Quadrant II, for which a diversification (ST) strategy is recommended, complemented by strengthening village business institutions and digital market access (WO). This study is expected to contribute practically to village-based MSME development policy and to support the achievement of the Sustainable Development Goals (SDGs) at the local level.

Keywords: *SWOT analysis, MSMEs, village development strategy, regional competitiveness, IFAS-EFAS.*

INTRODUCTION

Village economic development is a critical focus in achieving sustainable, locally rooted economic growth, since villages are the arena in which local economic development efforts, such as the empowerment of village-owned enterprises (Dewi et al., 2025), and the regional development of rural areas (Voza et al., 2023) take place. Villages possess substantial natural resources, social capital, and local economic potential, yet their utilization is often suboptimal due to limited institutional capacity (Dewi et al., 2025), human resources and access to capital (Anatan & Nur, 2023), and comprehensive strategic planning. This phenomenon is clearly visible in Meurandeh, a village in Langsa City with 716 registered MSMEs, according to data from the Langsa City Department of Industry, Trade, Cooperatives, and SMEs (Dinas Perindustrian, Perdagangan, Koperasi

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dan UKM Kota Langsa). The village holds significant potential in agriculture, fisheries, and trade, but this potential has not yet been accompanied by a focused development strategy to enhance its contribution to regional competitiveness.

SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis is among the most widely used instruments for strategic planning, and its simplicity largely explains its pervasiveness. A review of a decade of academic research nevertheless notes that evidence linking SWOT to quantifiable outcomes remains thin and that it is best combined with other strategic tools (Helms & Nixon, 2010). In village settings, SWOT has been applied to MSMEs in a range of local contexts. Achsa et al. (2023) combined SWOT with the Business Model Canvas for SMEs in a tourism village in Magelang Regency, identifying village government support and access to financing as opportunities and a disaster-prone environment as a threat. Zuryani et al. (2024) placed a village batik MSME in a SWOT quadrant characterized by weaknesses and large opportunities, and Rachman et al. (2024) formulated SO, WO, ST, and WT marketing strategies for MSMEs in Tlemang Village, recommending that local government support innovations such as digital collaboration. At the rural-area level, Voza et al. (2023) paired SWOT with the Analytic Network Process to select development scenarios for a rural area in Serbia and reported that the most appropriate strategies concerned the more sustainable utilization of natural resources.

At the enterprise level, Aprian et al. (2026) combined SWOT with IFAS and EFAS matrices among 30 purposively selected MSME operators in Lumajang Regency. They identified product diversity, taste quality, and the use of quality raw materials as strengths and low digital proficiency and reliance on offline advertising among the weaknesses, and they recommended innovation- and digital-marketing-based strategies. In the wider Indonesian context, Anatan and Nur (2023) describe the problems that constrain MSMEs' readiness for digital transformation as financial, human-resource, marketing, operational, administrative, and organizational in nature, and Hermanto et al. (2016) examined innovation-based development strategies for small and medium enterprises in East Java Province. Jatmiko et al. (2021) surveyed 39 MSMEs in Kulonprogo Regency with questionnaires and interviews and listed limited bank financing, limited knowledge of production technology, and limited access to raw materials among the main problems, while Siregar (2024) reported persistent constraints in access to capital, technology, market information, and skilled human resources for MSMEs in Hutaraja Tinggi District. Digitization and supplier diversification were associated with stronger entrepreneurial resilience among 250 MSMEs in three Indonesian provinces, including North Sumatra (Bernando et al., 2026).

From an institutional perspective, Dewi et al. (2025) studied the empowerment of Village-Owned Enterprises (BUMDes) in local economic development in Bekasi Regency, describing it along four dimensions (human, business, environmental, and institutional development) and recommending continued government encouragement of this empowerment. MSMEs also operate under external pressures that bear directly on the threat and opportunity dimensions of a SWOT assessment. Small and medium-sized

enterprises are particularly vulnerable to extreme weather events such as flash floods and tend to be ill-prepared (Skouloudis et al., 2020), and village SMEs located near an active volcano were found to face a disaster-prone environment as a threat to their business processes (Achsa et al., 2023). On the supply side, limited access to raw materials was among the problems of MSMEs in Kulonprogo (Jatmiko et al., 2021), and Bernando et al. (2026) describe climate change as a cause of raw-material scarcity and higher production and supply-chain costs for Indonesian MSMEs. On the opportunity side, Nursini (2020) estimated the direct and indirect effects of MSMEs on poverty reduction in Indonesia for 1997–2018.

Taken together, the studies reviewed above address village SMEs' marketing strategies and business models (Achsa et al., 2023; Rachman et al., 2024; Zuryani et al., 2024), rural-area development scenarios (Voza et al., 2023), enterprise-level innovation and digital marketing (Aprian et al., 2026), and village-owned enterprises (Dewi et al., 2025); among them, none links a village-level, multi-sector MSME SWOT assessment explicitly to regional competitiveness. This study seeks to address this gap through three main contributions: first, integrating SWOT analysis with sustainable village economic development that is not limited to a single sector; second, broadening the analytical orientation from mere village empowerment to the village's contribution to regional economic performance; and third, formulating an operational, SWOT-matrix-based strategy recommendation designed as a policy input for synergy among government, business actors, and local stakeholders in Langsa City. These three contributions constitute the novelty of this study.

Theoretically, this study draws on SWOT analysis as a strategic planning instrument that has been extended from firms to countries and industries (Helms & Nixon, 2010), and on Porter's (1990) concept of national and regional competitive advantage, which attributes competitiveness to factor conditions, demand conditions, related and supporting industries, and firm strategy, structure, and rivalry. This framework is used to understand how the internal and external factors of MSMEs in Langsa City can be mapped into strategies that contribute to regional competitiveness.

Based on the above, this study aims to: (1) identify the internal and external factors influencing village economic development in Meurandeh, Langsa City; (2) formulate a sustainable village economic development strategy using SWOT analysis of MSME actors; and (3) analyse the contribution of the resulting strategy to enhancing regional economic competitiveness.

RESEARCH METHOD

This study employs a descriptive qualitative research type with a case-study approach, aimed at gaining an in-depth understanding of village economic development conditions, local potential, and the internal and external factors influencing regional competitiveness. The research location is Meurandeh, Langsa City, an area with a population of 716 registered MSMEs, which forms the sampling frame for this study.

Given the qualitative case-study design, sampling was conducted using a purposive, non-probability technique rather than random sampling, so respondents were selected based on two criteria: direct involvement in Meurandeh's village economic activities and adequate understanding of the local business and development conditions. Purposive sampling is a nonprobability technique whose suitability depends on the nature and type of the research (Etikan et al., 2016), and under this approach sample size is typically guided by the concept of saturation (Guest et al., 2006). Comparable questionnaire-based MSME studies in Indonesia likewise relied on small samples, for example 39 MSMEs in Kulonprogo Regency (Jatmiko et al., 2021) and 30 MSME operators in Lumajang Regency (Aprian et al., 2026). A total of 35 MSME actors were drawn from the 716-MSME population in Meurandeh. Empirical reviews report that saturation is generally reached within roughly 9–17 interviews when the study population is relatively homogeneous and the objectives are narrowly defined (Hennink & Kaiser, 2022); because those benchmarks concern interview data, they are used here only as guidance for the qualitative component and for a sample that is relatively homogeneous in business type, not as a claim of statistical representativeness for the questionnaire results. As a supplementary statistical reference, a sample of 35 drawn from a population of 716 corresponds to a margin of error of approximately 16.5% under the Slovin formula; this figure is reported only as contextual information, since Slovin's formula formally applies to probability sampling. The questionnaire data were complemented by in-depth interviews with six key informants to triangulate the data sources. The informants comprised village government officials (n = 2), representatives of relevant government agencies (n = 2), and senior MSME owners (n = 2). The village government officials were selected based on their involvement in village development planning, business data collection, and community economic empowerment. Representatives of relevant government agencies were selected based on their responsibilities or direct experience in MSME mentoring, development, and marketing. Senior MSME owners were selected based on their extensive business experience, understanding of changes in local business conditions, and willingness to provide in-depth information. To qualify as senior MSME owners, the participants were required to have at least 15 years of business experience. These informants provided complementary perspectives on the institutional, economic, and business-related factors influencing MSME development in Meurandeh, Langsa City.

Data were collected through three techniques: (1) a closed questionnaire using a 1–5 Likert scale to measure respondents' perceptions of 20 internal and external factor indicators (5 strength, 5 weakness, 5 opportunities, and 5 threat indicators); (2) in-depth interviews with stakeholders; and (3) documentation studies related to the region's socio-economic conditions. The 20 indicators were developed by the research team in three steps. First, the conceptual framework of the study defined the factor domains: internal factors (natural resources, human resources, economic institutions, and infrastructure) and external factors (government policy, market development, technology, and inter-regional competition). Second, each domain was operationalized into five perception statements per SWOT dimension; the resulting statements are consistent with the MSME-

level factors reported in prior studies (Anatan & Nur, 2023; Aprian et al., 2026; Dewi et al., 2025), and the questionnaire-and-interview survey design is comparable to that of other SWOT studies of MSMEs (Jatmiko et al., 2021; Aprian et al., 2026). Third, the statements were rated on the 1–5 Likert scale. The instrument was not piloted separately; its validity was tested on the field data (n = 35) with Pearson item-total correlation, using r-count > r-table at a 5% significance level as the criterion, both uncorrected and corrected for the item's own contribution to the total, and its reliability was tested with Cronbach's Alpha (conventional threshold 0.70). One respondent did not answer item T5; the T5 mean was therefore computed from 34 valid responses, and the validity and reliability statistics for the Threats dimension were computed on the 34 complete cases.

Data analysis was conducted through several stages: (1) data reduction to select information relevant to the research objectives; (2) identification of internal and external factors compiled into the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices, with weighting and rating based on questionnaire results; (3) determination of the strategy quadrant position on the SWOT Cartesian diagram based on the difference between total strength-weakness scores (X-axis) and opportunity-threat scores (Y-axis); (4) construction of the SWOT strategy matrix (SO, WO, ST, and WT strategies) based on combinations of internal and external factors; and (5) drawing conclusions in the form of an applicable sustainable village economic development strategy to enhance regional competitiveness. To examine how sensitive the quadrant position is to sampling variability, the two coordinates were additionally recomputed in 10,000 bootstrap resamples of the 35 respondents (sampling with replacement), and an unweighted calculation (difference of mean item ratings) was used as a check on the weighting procedure.

RESULTS AND DISCUSSION

Results

Respondent Characteristics

A total of 35 MSME actors in Meurandeh participated as respondents. Their characteristics are presented in Table 1.

Table 1. Respondent Characteristics (n = 35)

Characteristic	Category	Percentage
Gender	Female / Male	57.1% / 42.9%
Age	< 30 / 30–45 / > 45 years	42.9% / 25.7% / 31.4%
Business Sector	Culinary / Cosmetics / Wholesale / Laundry / Barbershop	88.6% / 2.9% / 2.9% / 2.9% / 2.9%
Business Duration	< 3 / 3–10 / > 10 years	31.4% / 65.7% / 2.9%

Most respondents are women (57.1%), reflecting the significant role of women-owned businesses in Meurandeh's village economy. Respondents are relatively young, with 42.9% under 30 years old, suggesting a workforce still receptive to new skills and digital adoption. The sample is dominated by the culinary sector (88.6%), with only a

small share from cosmetics, wholesale trade, laundry, and barbershop services; this sector concentration should be read as a boundary of the present findings rather than a full representation of Meurandeh's MSME diversity. Most businesses (65.7%) have operated for 3–10 years, indicating an established base of local enterprises rather than newly founded ones.

Validity and Reliability Test Results

The validity and reliability test results of the instrument for 35 respondents (34 complete cases for Threats) are presented in Table 2, using r-table values of 0.3338 (df = 33) for Strengths, Weaknesses, and Opportunities and 0.3388 (df = 32) for Threats (α = 5%). The last column reports how many items reach a corrected item-total correlation of at least 0.30.

Table 2. Summary of Validity and Reliability Test Results

Dimension	Valid Items (uncorrected r)	Cronbach's Alpha	Remarks
Strengths	5 of 5	0.394	Below 0.70; 2 of 5 items with corrected r ≥ 0.30
Weaknesses	5 of 5	0.424	Below 0.70; 1 of 5 items with corrected r ≥ 0.30
Opportunities	5 of 5	0.693	Below 0.70 (closest); 4 of 5 items with corrected r ≥ 0.30
Threats	5 of 5	0.417	Below 0.70; 2 of 5 items with corrected r ≥ 0.30 (n = 34)

All 20 items produced an uncorrected item-total correlation above the corresponding r-table value (ranging from 0.381 for S1 to 0.778 for O1), so no item was dropped from the subsequent IFAS/EFAS analysis. Uncorrected item-total correlations are, however, inflated because each item forms part of the total it is correlated with, especially in five-item dimensions. When the correlation is corrected for the item's own contribution, only nine of the 20 items reach 0.30 (corrected r ranging from 0.01 for S1 to 0.61 for O1); the items below 0.30 are S1, S3, S4, W2, W3, W4, W5, O2, T1, T2, and T5. Cronbach's Alpha was below the conventional 0.70 threshold in all four dimensions (Strengths = 0.394, Weaknesses = 0.424, Threats = 0.417), with Opportunities closest to an acceptable level (0.693).

All 20 items were nevertheless retained in the IFAS-EFAS analysis, for three reasons. First, the items are not interchangeable indicators of one latent scale but distinct factors derived from the conceptual framework, so each carry unique content: dropping the low-correlation items would remove whole factor domains (for example, W4 on village business institutions, whose corrected correlation is 0.08, is the most prominent weakness in the results, and T2 on input prices is one of the two leading threats). Second, IFAS and EFAS use item-level mean ratings rather than dimension scale scores, so the analysis does not depend on inter-item consistency within a dimension, and every item met the uncorrected criterion. Third, a sensitivity check shows that the conclusion does

not depend on the weak items: using dimension mean ratings, which are not distorted by unequal numbers of items, the position remains in Quadrant II when only the nine items with corrected correlations of at least 0.30 are used (S − W = +0.94; O − T = −1.13; Quadrant II in 100% of 10,000 bootstrap resamples) and when the seven items with corrected correlations below 0.20 are dropped (S − W = +0.73; O − T = −0.52; 99.8%). Retaining the items is therefore a content-coverage decision, not evidence that they are psychometrically adequate; the limits this places on interpretation are stated next.

The low reliability of all four dimensions limits the strength of the interpretation of the IFAS-EFAS results and of the conclusions of this study; it is not only a limitation of the instrument. Alpha is sensitive to the number of items and to dimensionality, and it underestimates reliability when items are heterogeneous (Tavakol & Dennick, 2011). Conversely, a single alpha value offers limited evidence of instrument quality, and alpha can look acceptable even when a scale has recognized problems, so it should not be the sole evidence (Taber, 2018). The five items in each SWOT dimension cover different factors (for example, capital, human resources, infrastructure, institutions, and marketing for weaknesses) rather than repeated measures of a single construct, which lowers alpha, and the sample is concentrated in one sector (culinary, 88.6%), which narrows response variability. This explanation does not remove the limitation: the dimension-level scores cannot be regarded as precisely measured scales. The IFAS-EFAS scores, the quadrant position, and the strategies derived from them are therefore interpreted as indicative, sample-specific profiles of perceived conditions, not as precise or confirmed measurements, and the conclusions are stated with that restriction. Two safeguards are applied: conclusions rely on the direction of the two coordinates and on item-level ratings rather than on small differences between scores, and the stability of the quadrant position is tested by bootstrap resampling (see the SWOT Cartesian Diagram section).

IFAS Matrix (Internal Factor Analysis Summary)

Table 3 presents the weight, rating, and score of each strength factor.

Table 3. IFAS Matrix — Strengths

Internal/External Factors	Weight	Rating	Score (W×R)	Code
Product/service has uniqueness compared to similar businesses	0.099	3.37	0.334	S1
Raw materials are easily obtained around Langsa City	0.117	3.97	0.464	S2
Business actors have adequate skills and experience	0.110	3.74	0.412	S3
Business location is strategic and easily accessible	0.112	3.80	0.425	S4
Good network/relationship with suppliers and customers	0.108	3.69	0.400	S5
Total	0.546		2.034	

Table 4 presents the corresponding results for the weakness factors.

Table 4. IFAS Matrix — Weaknesses

Internal/External Factors	Weight	Rating	Score (W×R)	Code
Difficulty accessing capital/financing	0.085	2.89	0.245	W1
Limited quality of human resources (workforce)	0.082	2.80	0.231	W2
Inadequate supporting infrastructure	0.088	3.00	0.265	W3
Village business institutions not yet running optimally	0.102	3.46	0.352	W4
Difficulty marketing products outside Langsa City	0.097	3.29	0.318	W5
Total	0.454		1.409	

Based on Tables 3 and 4, the total internal factor score is 2.034 for Strengths and 1.409 for Weaknesses (combined IFAS total = 3.444), giving a difference of S − W = +0.625. This positive value places the internal axis of the Cartesian diagram on the strength side, with the availability of local raw materials (S2, score 0.464) and strategic business location (S4, score 0.425) as the two leading strengths, while weak village business institutions (W4, score 0.352) stand out as the most prominent internal weakness.

EFAS Matrix (External Factor Analysis Summary)

Table 5 presents the weight, rating, and score of each opportunity factor.

Table 5. EFAS Matrix — Opportunities

Internal/External Factors	Weight	Rating	Score (W×R)	Code
Government policy/program support for MSMEs	0.073	2.34	0.170	O1
Increasing market demand for products/services	0.119	3.83	0.455	O2
Digital technology opens new marketing opportunities	0.094	3.03	0.285	O3
Potential collaboration with investors/communities/financial institutions	0.069	2.23	0.154	O4
Strategic position of Langsa City for regional market expansion	0.112	3.60	0.403	O5
Total	0.467		1.467	

Table 6 presents the corresponding results for the threat factors.

Table 6. EFAS Matrix — Threats

Internal/External Factors	Weight	Rating	Score (W×R)	Code
Increasingly tight competition from businesses in other regions	0.084	2.71	0.229	T1

Raw material prices fluctuate unpredictably	0.115	3.71	0.428	T2
Government policy changes negatively affecting the business	0.114	3.66	0.415	T3
Natural disasters/extreme weather disrupting business continuity	0.130	4.20	0.548	T4
Low interest among younger generations to continue the business	0.090	2.88	0.258	T5
Total	0.533		1.879	

Based on Tables 5 and 6, the total external factor score is 1.467 for Opportunities and 1.879 for Threats (combined EFAS total = 3.346), giving a difference of O − T = −0.411. This negative value places the external axis on the threat side, dominated by vulnerability to natural disasters/extreme weather (T4, score 0.548) and raw material price fluctuation (T2, score 0.428), while rising market demand (O2, score 0.455) remains the strongest opportunity captured by respondents.

SWOT Cartesian Diagram

Figure 1 plots the coordinate (S − W, O − T) = (+0.625, −0.411) on the Cartesian diagram and places Meurandeh's MSMEs in Quadrant II, the Diversification Strategy quadrant: internal strengths outweigh weaknesses, but the external environment is dominated by threats rather than opportunities.

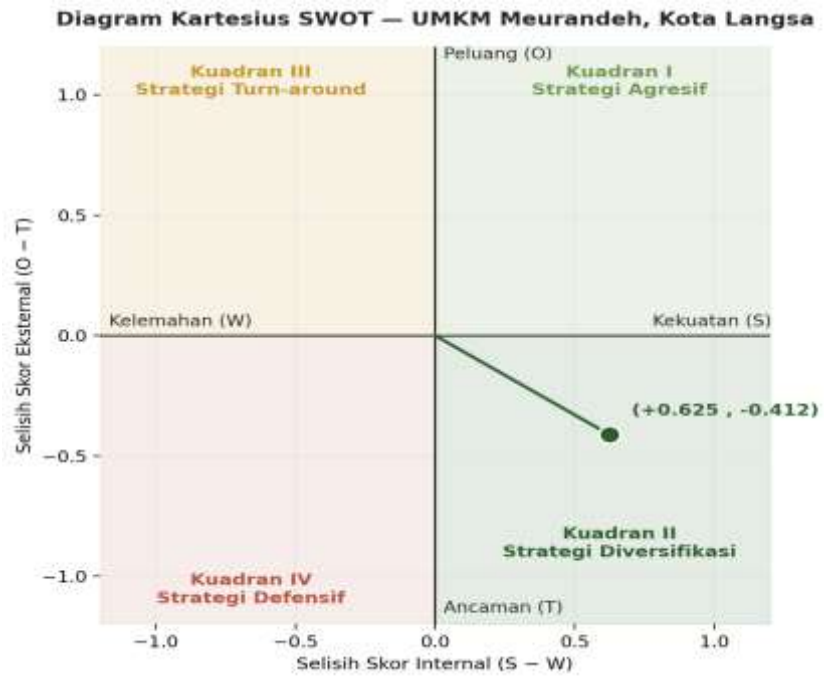


Figure 1. SWOT Cartesian Diagram of MSMEs in Meurandeh, Langsa City

A Quadrant II position indicates that although the MSME sector in Meurandeh holds a solid internal foundation — particularly local raw material availability and locational advantage — it faces an external environment where threats (notably climate/disaster vulnerability and input price volatility) outweigh the opportunities currently being captured. This points toward a diversification strategy (ST), i.e., leveraging internal strengths to counter external threats, as the priority strategic direction, rather than a purely aggressive growth strategy (SO).

To examine the robustness of this position, the coordinates were recomputed in 10,000 bootstrap resamples of the 35 respondents. The 95% percentile intervals were +0.37 to +0.87 for S − W and −0.71 to −0.10 for O − T, and 99.5% of the resamples fell in Quadrant II (0.6% in Quadrant I and none in Quadrants III or IV). An unweighted calculation (difference of the mean item ratings) gives S − W = +0.629 and O − T = −0.428, which is the same quadrant. The Quadrant II placement is therefore stable with respect to sampling variability and the weighting choice, although it remains subject to the measurement limitations discussed above.

SWOT Strategy Matrix (SO-WO-ST-WT)

Table 7 presents the SWOT (TOWS) strategy matrix formulated from the IFAS and EFAS matrix results, with the ST strategy given priority because of the Quadrant II position.

Table 7. SWOT (TOWS) Strategy Matrix

	Strengths (S)	**Weaknesses (W)**
Opportunities (O)	SO: Leverage locally available raw materials and business actors' skills (S1–S3) to scale production in response to rising market demand (O2), supported by digital marketing that capitalizes on Langsa City's strategic position (O5) for regional expansion.	WO: Strengthen village business institutions such as BUMDes or cooperatives (addressing W4) and adopt digital platforms (O3) to help MSMEs overcome difficulty marketing products beyond Langsa City (W5).
Threats (T)	ST (priority): Use the strength of local supplier networks and skilled actors (S3, S5) to build simple disaster/weather risk-mitigation practices and diversify raw-material sourcing, directly addressing the two leading threats — climate/disaster vulnerability (T4) and price fluctuation (T2).	WT: Pursue capital-access facilitation and workforce training (addressing W1–W2) alongside succession/regeneration programs for younger entrepreneurs, to sustain the business base against low youth interest (T5) and tightening inter-regional competition (T1).

Discussion

The first research objective asked how internal and external factors influence village economic development for regional competitiveness. The IFAS-EFAS results show an internally strength-dominant but externally threat-dominant condition. This

differs from village MSME studies in which opportunities were emphasized: Zuryani et al. (2024) placed a village batik MSME in a quadrant of weaknesses with large opportunities, and Achsa et al. (2023) treated village government support and access to financing as opportunities. In Meurandeh, by contrast, the external environment is perceived as threat-dominated, led by environmental vulnerability (T4, rating 4.20) and raw-material price fluctuation (T2, 3.71). The internal profile is closer to enterprise-level findings: raw-material-related strengths also appear among the strengths of MSMEs in Lumajang (Aprian et al., 2026), and the weaknesses of limited capital access (W1), workforce quality (W2), and marketing reach (W5) correspond to the financial, human-resource, and marketing problems that Anatan and Nur (2023) describe for Indonesian MSMEs and to the capital, technology, and human-resource constraints reported by Jatmiko et al. (2021) and Siregar (2024). The high rating of environmental vulnerability is consistent with evidence that SMEs are particularly vulnerable to extreme weather events and tend to be ill-prepared (Skouloudis et al., 2020) and with the disaster-prone environment identified as a threat for village SMEs near an active volcano (Achsa et al., 2023). The input-price threat (T2) is consistent with the limited access to raw materials reported by Jatmiko et al. (2021), and Bernando et al. (2026) describe climate-related disruption as a cause of raw-material scarcity and higher production and supply-chain costs for Indonesian MSMEs. The moderate rating of digital technology as an opportunity (O3, 3.03) is compatible with the digital-proficiency constraints reported in Lumajang (Aprian et al., 2026) and with the underused social media identified among village SMEs (Achsa et al., 2023).

The second objective concerns the strategies that can be formulated through SWOT analysis. The Quadrant II (diversification) position directs attention toward the ST strategy as the priority, that is, using local supplier networks and business skills to buffer input-price and weather shocks. This emphasis on natural-resource-based strategies is comparable in spirit with Voza et al. (2023), who found that the most appropriate strategies for a Serbian rural area concerned the more sustainable utilization of natural resources, although their study used a SWOT-ANP model for scenario selection rather than a Cartesian quadrant. The WO strategy, strengthening village business institutions and digital platforms, is in line with Dewi et al. (2025), who analyzed BUMDes empowerment through, among others, an institutional development dimension, and with this study's finding that weak village business institutions (W4, rating 3.46) are the most prominent internal weakness. Pairing supplier-network diversification (ST) with digital platforms (WO) also finds support in the finding that digitization and supplier diversification were associated with stronger entrepreneurial resilience among MSMEs in three Indonesian provinces (Bernando et al., 2026), and in village MSME strategy studies that likewise propose product diversification and digital or online marketing (Achsa et al., 2023; Rachman et al., 2024; Siregar, 2024). Because SWOT offers limited evidence of outcomes and is best combined with other tools (Helms & Nixon, 2010), the strategies are presented as priorities derived from perceived conditions, not as tested interventions.

The third objective asks how the resulting strategy can contribute to regional economic growth that is of higher quality and more inclusive. In Porter's (1990) framework, regional competitive advantage depends on factor conditions, demand conditions, and related and supporting industries. The ST strategy protects the factor-condition strength identified here (accessible local inputs), while the WO strategy addresses the institutional and market-access conditions through which strong demand (O2, rating 3.83) and the strategic position of Langsa City (O5, 3.60) can be captured. Translating these village-level strengths into risk-resilient, institutionally supported production is therefore expected to contribute to Langsa City's broader regional competitiveness. The inclusivity dimension rests on the strategies' reliance on multiple actors (village government, MSME groups, and financial or community partners) and on the composition of the respondents, 57.1% of whom are women and 42.9% younger than 30 years; these are expectations drawn from the study design and data, not outcomes that were measured. Linking MSME-level strategies to inclusive growth is also consistent with the estimated direct and indirect poverty-reduction effects of MSMEs in Indonesia (Nursini, 2020).

The strategy can be adapted to other villages or regions with similar MSME characteristics, namely predominantly micro and small food and trade enterprises that depend on locally sourced inputs, are exposed to weather and input-price shocks, and are supported by weak village business institutions, as may be found in other villages of Langsa City or in comparable agrarian and coastal villages. Adaptation would proceed in three steps: (1) repeat the IFAS-EFAS assessment with locally sampled MSME actors to confirm the quadrant, since a village whose MSMEs combine weaknesses with large opportunities, as in Zuryani et al. (2024), would call for a WO emphasis rather than the ST priority found here; (2) retain the ST core of supplier-network-based input diversification and simple risk-mitigation practices wherever threats dominate; and (3) build the WO component on existing institutions such as BUMDes or cooperatives (Dewi et al., 2025). Because the present sample comes from one village and is 88.6% culinary, such transfer should be treated as a hypothesis to be tested rather than as a demonstrated generalization.

This study has limitations that bear on the interpretation of the results. First, the reliability of all four dimensions is low (alpha between 0.39 and 0.69) and 11 of the 20 items have corrected item-total correlations below 0.30; this limits the strength of the interpretation of the IFAS-EFAS results and of the conclusions of this study, not only the quality of the instrument, so the scores, the quadrant position, and the strategies derived from them should be read as indicative profiles rather than precise or confirmed findings. Second, the sample is a single-village, purposively selected set of 35 respondents dominated by the culinary sector (88.6%), which limits generalization. Third, one respondent left item T5 blank, so that item rests on 34 responses. Fourth, because the IFAS and EFAS weights were derived from the normalized mean ratings rather than from a separate importance weighting by experts, weight and rating are not independent and the weighted score of an item is proportional to the square of its mean rating; the bootstrap

and unweighted checks reported above indicate that the quadrant position does not depend on this choice, but the item-level scores do. Future research should use a larger and more sectorally balanced sample, separate importance weights, and a revised instrument.

The novelty of these findings lies in three features that distinguish them from the SWOT-based rural and village studies reviewed above. First, the assessment rests on the perceptions of MSME actors across several business types in one village and is expressed in quantified IFAS-EFAS scores linked explicitly to regional competitiveness, whereas the reviewed studies concentrate on village SMEs' marketing strategies and business models (Achsa et al., 2023; Rachman et al., 2024; Zuryani et al., 2024), rural-area scenarios (Voza et al., 2023), enterprise-level innovation and digital marketing (Aprian et al., 2026), or village-owned enterprises (Dewi et al., 2025). Second, the empirical pattern is distinctive: a strong internal base coexists with a threat-dominant external environment in which the highest-rated item is environmental vulnerability (T4, 4.20), a threat also noted for a disaster-prone village (Achsa et al., 2023) and linked to climate-related supply disruption for Indonesian MSMEs (Bernando et al., 2026), whereas other village MSME studies emphasize opportunities (Achsa et al., 2023; Zuryani et al., 2024). Third, the two lowest-rated opportunities are government policy support (O1, 2.34) and collaboration with investors, communities, or financial institutions (O4, 2.23). This suggests that supportive policy and partnership opportunities exist but are weakly perceived by MSME actors in practice, pointing to an implementation and outreach gap rather than an absence of opportunity. The contrast with the tourism-village study, where village government support was treated as an opportunity (Achsa et al., 2023), is consistent with this reading, but it should be tested against the interview data.

The findings carry practical implications for village government, MSME actors, and related stakeholders, which should be validated before being adopted as policy because they rest on perceived conditions in a single village. For village government, the weak institutional base (W4) and the low perception of policy support (O1) point to a concrete role: building on BUMDes or village cooperatives as channels for program information and shared services (Dewi et al., 2025), and supporting MSMEs in adopting innovations such as digital collaboration and affordable quality-control tools (Rachman et al., 2024). For MSME actors, the ST priority translates into diversifying suppliers and keeping simple weather-contingency routines, in line with evidence that supplier diversification and digitization are associated with stronger entrepreneurial resilience (Bernando et al., 2026), while product diversification and digital marketing channels address the market-reach weakness (W5) (Aprian et al., 2026; Siregar, 2024). For other stakeholders, such as local disaster-management and MSME agencies, financial institutions, and community groups, the dominance of weather vulnerability (T4) and the finding that cooperatives and banks can widen access to financing for village SMEs (Achsa et al., 2023) suggest joint mitigation planning and better access to financing.

CONCLUSION

This study set out to examine the internal and external factors shaping village economic development in Meurandeh, Langsa City, to formulate a SWOT-based strategy, and to assess its contribution to regional competitiveness. Based on data from 35 MSME actors, the internal factor condition is strength-dominant (IFAS score 2.034 versus 1.409, S − W = +0.625), led by local raw-material availability and strategic location, while the external factor condition is threat-dominant (EFAS score 1.879 versus 1.467, O − T = −0.411), driven primarily by disaster/weather vulnerability and raw-material price fluctuation. This coordinate places Meurandeh's MSMEs in Cartesian Quadrant II, for which a diversification (ST) strategy is recommended as the priority: using local strengths such as supplier networks and skilled actors to mitigate climate-related and price-related threats, complemented by a WO strategy to strengthen village business institutions and digital market access. Collectively, these strategies are expected to convert Meurandeh's local economic potential into a more resilient and institutionally grounded contribution to Langsa City's regional competitiveness, supporting economic growth that draws on multiple local actors rather than isolated enterprise-level gains. Because reliability was low in all four dimensions and the sample came from a single, culinary-dominated village, the IFAS-EFAS results and the conclusions above are tentative and indicative of perceived conditions in this sample rather than firm evidence; the Quadrant II position was nevertheless stable in bootstrap resampling (99.5% of resamples) and when low-correlation items were excluded, and the strategy may be adapted to similar villages only after re-assessing their local IFAS-EFAS conditions.

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