

ABSTRACT

Craft MSEs have great potential to develop because they are based on local wisdom and are supported by product diversity and geographical advantages. However, the realization of exports of craft products is still very limited. Only a small part of MSEs in the craft sector are able to penetrate the global market, due to various obstacles, both internal and external, such as limited access to export information, low global market literacy, lack of product innovation, and weak role of stakeholders in business development. Based on these conditions, this study aims to analyze the development strategy of Micro and Small Enterprises (MSEs) in the craft sector in Central Java Province in order to be able to penetrate the export market or go international. The approach used in this study is a mixed method with a sequential explanatory design. Data was collected through surveys, in-depth interviews, Focus Group Discussions (FGDs), and field observations.

The data analysis method used qualitative descriptive analysis, logistic regression analysis, MACTOR and ANP. The results of the study show that MSEs in the craft sector in Central Java have high export potential due to the uniqueness and local wisdom of products, but still face gaps in almost all aspects. The actual condition of MSEs in the craft sector in Central Java is still dominated by household-scale businesses with limited capital, simple production technology, and a conventional marketing system. Partially, the variables that affect and significantly affect the export performance of craft MSEs in Central Java Province are skills, government assistance, risk taking and business network. Meanwhile, the capital variable showed a positive influence that was close to significant. Other variables such as knowledge, export intention and attitude show a positive but not significant influence direction. The priority strategy for the development of craft MSEs prepared through ANP includes strengthening business networks, improving export skills, providing working capital, expanding global market access, and establishing an integrated mentoring system. This strategy must be carried out collaboratively and sustainably through regulatory support, digitization of export systems, and clustering of region-based superior craft products. The results of the analysis with MACTOR are known that stakeholders who have a dominant role in the development of MSEs in the craft sector export include investors, academics, and cooperative offices and MSMEs, who must work in a hexa-helix collaborative approach.

The implications of this study provide a theoretical contribution in strengthening the innovation and social network approach MSE development model, as well as offering an applicative model for local governments and stakeholders to formulate data-based policies. With an inclusive and coordinated ecosystem, MSEs in the craft sector in Central Java have a great opportunity to increase competitiveness in the international market while encouraging sustainable regional economic growth.

Keywords: *Craft MSEs, Export, Strategy, Central Java, Stakeholder*