

## THE STRATEGY DEVELOPMENT SMEs METAL FROM BUSINESS EFFICIENCY ASPECT AND WELFARE LEVEL OF THE METAL CRAFTSMEN

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### ABSTRACT

*This research identifies the profiles of metal craftsmen, analyze the efficiency of metal businesses, and analyze the welfare level of the metal craftsmen in Pasir Wetan Village. The results of this research are expected to support the development of SMEs metal. The research method used was a quantitative research method. The study uses primary data and secondary data. Primary data were obtained from direct interviews with metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency. Primary data include data on age, education level, length of business, number of workers used, total income, total production costs, and net income level. Whereas secondary data included monograph data of Pasir Wetan Village, Karanglewas Subdistrict, Banyumas Regency. The analytical method used in this study includes descriptive analysis, business efficiency analysis, and welfare level analysis. Based on the results of the research, we can identify the profiles of metal craftsmen in Pasir Wetan Village. In addition, it can be identified that the metal business in Pasir Wetan Village is efficient and the metal craftsmen in Pasir Wetan Village are in the prosperous category. The government, both the central and local governments, through the relevant ministries or agencies, must always provide assistance and involve SMEs in training so that SMEs can always innovate. Innovations made by SMEs will support efforts to increase efficiency and welfare. In addition, SMEs always need capital and equipment assistance. In the context of efforts to increase the efficiency and welfare of SMEs, the government should ideally include universities and related institutions. The role and cooperation of various parties in an effort to increase the efficiency and welfare of SMEs is expected to facilitate the realization of these efforts.*

**Keywords:** SMEs; the profiles of metal craftsmen; business efficiency; the welfare level of the metalcraftsmen; SMEs development strategy

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### INTRODUCTION

Small and Medium Enterprises (SMEs) have an important role in the economy in Indonesia. SMEs has a contribution of 96,9 percent towards employment in Indonesia. In addition, 2022 data showed that SMEs contributed 60,5 percent of Indonesia's total Gross Domestic Product (Coordinating Ministry for Economic Affairs , 2022). Studies show that the development of SMEs is closely linked to economic growth. For example, a study by (Ayyagari, Beck, & Demirguck-Kunt, 2007) found the fact that SMEs in high-income countries have a positive relationship with economic growth. The existence of SMEs contributes 50 percent to the Gross Domestic Product.

After the global financial crisis that occurred in 2008-2009, there was an increase in attention to the role of SMEs. SMEs have an important role for the economy. This role

include the role in job creation and the role in increasing economic growth (Ardic, Mylenko, & Saltane, 2011). The Organization for Economic Co-operation and Development (OECD) estimates the total number of SMEs worldwide to reach 90 percent of the total number of companies in the world. In addition, the number of workers who work at SMEs worldwide reaches 63 percent of the total workforce in the world (Berisha & Pula, 2015).

(International Labour Organization, 2015) also states that SMEs are the main source of job creation. Sectors within SMEs vary. In addition, SMEs include productive and non-productive companies. This is at the same time a challenge for the development of SMEs. SMEs is a sector that is able to expand employment opportunities and increase economic growth. The government is trying to develop SMEs to improve the performance of this sector. The development of SME still faces many obstacles, especially in accessing costs from the banking sector (Bank Indonesia, 2011). (Mulyati, 2010) conducted a study of SME leather jackets in Garut Regency, West Java Province. The results of this study indicate that there is a weak link between the leather jacket SMEs and banks, research and development institutions and universities. This supports the fact that the government's efforts to develop SMEs still face obstacles, especially in accessing costs from the banking sector and technology development to improve business efficiency. Another SME study, (Farsi & Toghraee, 2014) study to examine SMEs in Iran by identifying the main challenges facing SMEs. Findings from the study indicate that managerial and human resources, research and development, technology, national policies, the bureaucratic environment and limited market information are the main challenges facing SMEs in Iran. (Ramadani & Arfida, 2017) examined the efficiency of SME brown sugar in Blitar Regency. The findings of this study, the SME brown sugar run efficiently and have the potential to be developed.

The business efficiency of an SME needs to be analyzed so that an appropriate development strategy can be identified for the SME. Previous research was limited to analyzing business efficiency. Analysis of the level of welfare of the craftsmen or SME actors has not been analyzed. The difference between this study and previous studies is this study analyzed the level of welfare of the craftsmen or SME actors.

Optimizing business efficiency is assumed to increase the welfare of craftsmen. This study seeks to identify the profile of metal craftsmen, analyze the efficiency of the metal business of Pasir Wetan Village, and analyze the welfare level of metal craftsmen in Pasir Wetan Village, Karanglewasi District, Banyumas Regency. The village of Pasir Wetan is known as the center of metal SMEs in Banyumas Regency. Metal SMEs in Pasir Wetan Village are hereditary businesses where the level of expertise possessed by metal craftsmen is also obtained from generation to generation. This shows that the efficiency of the metal business in Desa Pasir Wetan can still be further optimized through an appropriate development strategy. Optimizing business efficiency is assumed to increase the welfare of metal craftsmen. This is the urgency of this study. In conducting this study, we partnered

with the Satria Metal Treasure Group, Pasir Wetan Village, Karanglewes District, Banyumas Regency.

## **LITERATURE REVIEW**

The Central Bureau of Statistics provides a definition of Small and Medium Enterprises based on the quantity of labor. Small businesses are businesses that have a workforce of five to 19 people, while medium-sized businesses are businesses that have a workforce of 20 to 99 people (Bank Indonesia, 2011).

According to Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, what is called a Micro Business is a business that has a net asset of not more than Rp50,000,000.00 (fifty million rupiah) excluding land and buildings where the business is carried out or has products annual sales of not more than Rp300,000,000.00 (three hundred million rupiah). Then what is called a Small Business is an entity that has the following criteria: (1) net assets of more than Rp50,000,000.00 (fifty million rupiah) up to a maximum of Rp500,000,000.00 (five hundred million rupiah) excluding land and business premises; and (2) have annual sales revenue of more than Rp300,000,000.00 (three hundred million rupiah) up to a maximum of Rp2,500,000,000.00 (two billion and five hundred million rupiah). Meanwhile, what is called a Medium Business is a business entity that has the following criteria: (1) net assets of more than Rp500,000,000.00 (five hundred million rupiah) up to a maximum of Rp10,000,000,000.00 (ten billion rupiah) does not include land and buildings for business; and (2) have annual sales proceeds of more than Rp2,500,000,000.00 (two billion five hundred million rupiah) up to a maximum of Rp50,000,000,000.00 (fifty billion rupiah) (Bank Indonesia, 2011).

Small and Medium Enterprises face challenges related to competition, the ability to adapt to rapidly changing market demands, technological changes, and limitations related to science, innovation and creativity. Factors related to Small and Medium Enterprises include (Yoshino & Taghizadeh-Hesary, 2016):

1. Limited resources (finance, technology, skilled labor, and access to markets).
2. Higher transaction costs compared to large companies.
3. Limitations in terms of networks causing limited information and limitations related to domestic and international markets.
4. The inability to compete with larger companies is related to innovation (product, process, and organization).
5. Weak entrepreneurial spirit and capacity.

Furthermore in this research refers to previous research, where some researchers have conducted research related to SMEs. These studies include research conducted by (Mulyati, 2010), (Arregui, 2012), (Farsi & Toghraee, 2014), (Belas, Demian, Habanik, Hudakova, & Sipko, 2015), (Ramadani & Arfida, 2017), (Bastian, Fakhruddin, & Pertiwi, 2022), and

(Mahadipta, Utama, Yasa, & Setyari, 2022).

(Mulyati, 2010) conducted a study of SME leather jackets in Garut Regency, West Java Province. The results of this study indicate that there is a weak link between the leather jacket SMEs and banks, research and development institutions and universities. This supports the fact that the government's efforts to develop SMEs still face obstacles, especially in accessing costs from the banking sector and technology development to improve business efficiency. (Arregui, 2012) examined entrepreneurship and SMEs in Mexico. Arregui identified strategies to accelerate the growth of SMEs in Mexico. These strategies include: 1) providing access to capital, 2) SMEs get equal treatment with larger businesses, 3) reducing friction in the supply chain, and 4) making it easy for SMEs to access performance guarantees (performance bonds). (Farsi & Toghraee, 2014) examined SMEs in Iran by identifying the main challenges facing Small and Medium Enterprises. Findings from the study indicate that managerial and human resources, research and development, technology, national policies, the bureaucratic environment and limited market information are the main challenges facing SMEs in Iran. (Belas, Demian, Habanik, Hudakova, & Sipko, 2015) examined the SME business environment in the Czech Republic and Slovakia. This research focuses on motivational factors, status in society, level of corruption, present business risks, credit for funding, ability to manage financial risk, and business optimism. The findings of this study, namely the right perception about entrepreneurship in society plays an important role for a country's economic growth. These perceptions affect motives for starting a business which ultimately affect entrepreneurial behavior. Areas with good perceptions have a supportive business environment for the development of SMEs. The other study conducted by (Ramadani & Arfida, 2017) examined the efficiency of SME brown sugar in Blitar Regency. The findings of this study, the SME brown sugar run efficiently and have the potential to be developed. (Bastian, Fakhrudin, & Pertiwi, 2022) identified the strategy of gold craftsmen in Serang. The results of this research stated that in building and improving the gold craftsman industry, a defense strategy was needed which was to reduce weaknesses and anticipate threats that could endanger the business. (Mahadipta, Utama, Yasa, & Setyari, 2022) analyzed the performance and prosperity of handicraft SMEs in Denpasar. The results showed that the role of government and social capital affect business performance, then the role of government, social capital, and business performance affects business prosperity and the role of government does not affect indirectly, while social capital indirectly affects business prosperity through business performance.

The business efficiency of an SME and the welfare level of craftsmen needs to be analyzed so that an appropriate development strategy can be identified for the SME. Included in this case are metal SMEs in the Pasir Wetan Village, Karanglewas District, Banyumas Regency.

## **METHODS**

The research method used was a quantitative research method. Quantitative research method is a research strategy that focuses on quantifying the collection and analysis of data. This study was conducted in the village of Pasir Wetan, Karanglewas District, Banyumas Regency. The choice of location is based on the consideration that there is a metal industry center in the village. The study uses primary data and secondary data. Primary data were obtained from direct interviews with metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency. Primary data include data on age, education level, length of business, number of workers used, total income, total production costs, and net income level. Whereas secondary data included monograph data of Pasir Wetan Village, Karanglewas Subdistrict, Banyumas Regency. Based on data obtained from the association of metal craftsman associations in Pasir Wetan Village, Karanglewas District, Banyumas Regency (Satria Metal Treasure Group), the number of metal craftsmen was 28. In this study, 28 craftsmen were used as respondents.

The research method used in this study is the census method. The census was carried out by visiting metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency. Furthermore, the analytical method used in this study includes descriptive analysis, business efficiency analysis, and welfare level analysis. These analyses are used to answer research questions. The answers generated in this study were in the form of a strategy for developing metal MSMEs in Pasir Wetan Village, Karanglewas District, Banyumas Regency.

### **1. Descriptive Analyses**

Descriptive analysis is used to classify data so that the data is easily managed. The arrangement and grouping of data can provide descriptive information related to metal SMEs in Pasir Wetan Village, Karanglewas District, Banyumas Regency. In this analysis, the profile of metal SMEs in Pasir Wetan Village, Karanglewas District, Banyumas Regency will be identified based on age, level of education, length of business, number of workers used, and the level of net income.

### **2. Business Efficiency Analyses**

Analysis of business efficiency is used to determine whether the metal business is efficient in Pasir Wetan Village, Karanglewas District, Banyumas Regency. This analysis is done by comparing the value of total revenue with the value of total production costs. Mathematically, the analysis of business efficiency is stated as follows (Ramadani & Arfida, 2017):

$$R/C \text{ Ratio} = \frac{TR}{TC}$$

Explanation:

TR = Total Revenue

TC = Total Cost of Production The criteria used are as follows:

R/C Ratio > 1, means metal business is efficient R/C Ratio < 1, means metal business is inefficient

### 3. Welfare Level Analyses

The welfare level analysis is used to determine the level of welfare of metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency. The level of welfare of the craftsmen is seen from the comparison between the level of net income and the Regency Minimum Wage (UMK) in Banyumas Regency in 2022. Mathematically, the analysis of the level of welfare is stated as follows:

$$\text{Welfare Level} = \frac{\text{Net Income}}{\text{UMK in Banyumas Regency in 2022}}$$

## RESULTS

Metal SME profile in Pasir Wetan Village, Karanglewas District, Banyumas Regency or the profile of respondents in this study was seen from age, level of education, length of business, number of workers employed, and net income level. The first profile is seen in terms of age. Age is related to a person's productivity, especially if the work done requires a lot of energy. In terms of age, the majority of respondents are in the productive age. 92.86 percent of respondents are at productive age. This can be seen in table 1.

**Table 1. Profile of Respondent by Age Classification**

Age Group	Total	Percentage
31-35	3	10.71
36-40	4	14.29
41-45	4	14.29
46-50	5	17.86
51-55	2	7.14
56-60	7	25.00
61-65	1	3.57
66-70	2	7.14

*Source: Primary Data, 2022*

The age of respondents included in the productive age allows respondents to work more optimally, compared to respondents aged over 65 years. Respondents aged over 65 years are included in the unproductive age.

Furthermore, the profile of respondents viewed from the level of education. The level of education shows the formal education that was taken by the respondent. The level of education of a person in general will affect the ability to run a business, such as managerial ability, as well as the ability to obtain information and new external knowledge that is useful for developing a business that is owned. The level of education of metal craftsmen in general

is still low. Table 2 shows the profile of respondents based on their level of education.

Based on table 2 it can be seen that the level of education of respondents is still relatively low. 67.86 percent of respondents did not study up to senior high school. 21.43 percent of respondents only graduated from elementary school and there are six respondents who did not graduate elementary school. Respondents who went through education up to diploma or bachelor level were four respondents. Work as a metal craftsman does not prioritize formal education, more preferred is skill. Skills can be obtained by attending training.

**Table 2. Profile of Respondent by Education Classification**

<b>Education</b>	<b>Total</b>	<b>Percentage</b>
Uncompleted Primary School	6	21.43
Elementary School	6	21.43
Junior High School	7	25.00
Senior High School	5	17.86
Diploma/Bachelor	4	14.29

*Source: Primary data, 2022*

There are respondents who did not complete education at the elementary school level. Nonetheless, the respondent attended non-formal education such as training so that he could gain knowledge that could improve his ability as a metal craftsman.

The respondent's profile is then seen from the length of the business that the respondent has run. The average business has been running for 18 years with the youngest business four years and the longest 48 years. Table 3 shows the profile of respondents based on length of business.

**Table 3. Profile of Respondent by Length of Business Classification**

<b>Length of Business</b>	<b>Total</b>	<b>Percentage</b>
1-10	9	32.14
11-20	11	39.29
21-30	6	21.43
31-40	1	3.57
41-50	1	3.57

*Source: Primary data, 2022*

Table 3 shows that there was one respondent with a business length of more than 40 years. Business as a metal craftsman requires the skills and ability to process metals into goods that are in accordance with consumer demand. It is not easy for the community to open a metal processing business, this provides benefits for metal craftsmen who have been around for a longtime or run a business first. Metal processing business that has been run for a long time has the ability to survive in running a business. Based on the amount of labor used, it can be seen that the number of workers in the metal processing business is quite varied. The average number of workers employed is three workers. However, there are those

who work alone without the help of others and there are those who use as many as 20 workers. Table 4 shows the profile of respondents based on the number of workers employed.

**Table 4. Profile of Respondent by Worker Employed Classification**

<b>Worked Employed</b>	<b>Total</b>	<b>Percentage</b>
0	2	7.14
1-5	21	75.00
6-10	4	14.29
11-15	0	0.00

*Source: Primary Data, 2022*

The majority of workers used come from non-family workers. The workers came from the Pasir Wetan Village and outside the Pasir Wetan Village area, such as the neighboring village and Purwokerto City. Some craftsmen also use workers who are members of their own families, such as children, younger siblings or uncles.

The respondent profile is also seen from the level of net income. Table 5 shows the profile of respondents based on their level of net income.

**Table 5. Profile of Respondent by Net Income per month Classification**

<b>Level of Net Income (Rp)</b>	<b>Total</b>	<b>Percentage (%)</b>
1,000,000-10,000,000	23	82,14
11,000,000-20,000,000	3	10,71
21,000,000-30,000,000	0	0,00
31,000,000-40,000,000	1	3,57
41,000,000-50,000,000	1	3.57

*Source: Primary data, 2022*

Based on Table 5 it can be seen that 82.14 percent of respondents receive a level of net income per month between Rp1,000,000 - Rp10,000,000. Only four respondents received a net income level above Rp10,000,000 of which the largest net income level received was Rp50,000,000.

Respondents with a high level of net income are large-scale metal craftsmen. They have a large workforce and produce products such as molten concrete, rice thresher and tractor equipment. While respondents with a net income level below Rp10,000,000.00 were dominated by blacksmiths. Blacksmiths produce products such as hoes, machetes, knives and sickles. Some of them, do not have labor. They work alone in producing their products.

### **Business Efficiency Analyses**

The results of the business efficiency analysis show that the metal business in the Pasir Wetan Village, Karanglegwas Subdistrict, Banyumas Regency is already efficient. These results are shown in table 6.



**Table 6. Business Efficiency of Each Respondent**

<b>Respondent</b>	<b>R/C Ratio</b>
1	5.00
2	1.80
3	1.33
4	1.33
5	1.18
6	2.00
7	1.18
8	1.25
9	2.00
10	2.00
11	1.47
12	1.25
13	1.33
14	2.00
15	1.18
16	1.53
17	2.50
18	1.50
19	1.50
20	1.29
21	2.00
22	1.43
23	2.00
24	2.00
25	1.50
26	1.33
27	1.33
28	2.00

*Source: Primary data, processed 2022*

Based on Table 6 it can be seen the value of R / C Ratio for each respondent is greater than one ( $R / C \text{ Ratio} > 1$ ). This shows for all respondents, the value of total revenue is greater than the value of total production costs. In other words, all respondents have efficient metal businesses.

The greater the R / C Ratio value, the more efficient a business is. The efficiency of a business is identical to the benefits obtained from the production process. This also reflects the condition of the metal business in Pasir Wetan Village, Karanglewas District, Banyumas Regency. There is assistance from the government, both central and local governments, universities, and related institutions in terms of capital assistance, equipment and training to support efforts to increase the efficiency of metal businesses in Pasir Wetan Village, Karanglewas District, Banyumas Regency.

#### **Welfare Level Analyses**

The results of the analysis of the level of welfare were used to determine the level of

welfare of metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency. The level of welfare of the craftsmen is seen from the comparison between the level of net income and the UMK in Banyumas Regency in 2022. This result is shown in Table 7.

**Table 7. Welfare Level of Each Respondent**

<b>Respondent</b>	<b>Net Income (Rp)</b>	<b>UMK in Banyumas Regency in 2022(Rp)</b>	<b>Welfare Level</b>	<b>Category</b>
1	40,000,000	1,983,261	20.17	Prosperous
2	2,000,000		1.01	Prosperous
3	5,000,000		2.52	Prosperous
4	50,000,000		25.21	Prosperous
5	3,000,000		1.51	Prosperous
6	5,000,000		2.52	Prosperous
7	15,000,000		7.56	Prosperous
8	3,000,000		1.51	Prosperous
9	5,000,000		2.52	Prosperous
10	10,000,000		5.04	Prosperous
11	8,000,000		4.04	Prosperous
12	3,000,000		1.51	Prosperous
13	20,000,000		10.08	Prosperous
14	10,000,000		5.04	Prosperous
15	7,500,000		3.78	Prosperous
16	8,000,000		4.04	Prosperous
17	3,000,000		1.51	Prosperous
18	5,000,000		2.52	Prosperous
19	5,000,000		2.52	Prosperous
20	10,000,000		5.04	Prosperous
21	3,000,000		1.51	Prosperous
22	6,000,000		3.03	Prosperous
23	6,000,000		3.03	Prosperous
24	3,000,000		1.51	Prosperous
25	10,000,000		5.04	Prosperous
26	20,000,000		10.08	Prosperous
27	5,000,000		2.52	Prosperous
28	10,000,000		5.04	Prosperous

*Source: Primary data, processed 2022*

Based on Table 7, it can be seen that all metal craftsmen in Pasir Wetan Village, Karanglewas District, Banyumas Regency are in the prosperous category. This can be seen from the value of the welfare level of each respondent which is greater than 1 (welfare level > 1). In other words, the net income of each metal craftsman in Pasir Wetan Village, Karanglewas District, Banyumas Regency is greater than the UMK in Banyumas Regency in 2022.

There are seven metal craftsmen whose welfare level is below 2. This shows that

although they have net income above the UMK in Banyumas Regency, their income is still relatively small compared to other metal craftsmen. The existence of assistance and attention from the government, both central and regional governments, universities, and related institutions can support efforts to improve the welfare of metal craftsmen.

## **DISCUSSION**

This research is to analyze how the level of business efficiency, the welfare of the metal craftsman business, and how the development strategy for these SMEs. The analysis test results indicated that identification related to human resources (age, labor, and education), length of business, and net income of metal SME craftsmen in Pasir Wetan Village affect the development of these SMEs, this is in line with research by (Farsi & Toghraee, 2014) which states that human resources and managerial factors are the main challenges facing SMEs in Iran. Furthermore, research by (Ramadini & Nasution, 2019) increased human resources related to knowledge and skills can make products better and the ability to create competitiveness and penetrate the market.

Furthermore, the results of the analysis of the level of business efficiency, the metal craftsmen in Pasir Wetan Village have an efficient business, which is related to business conditions and the profits obtained from the production process. Increasing the efficiency of the metal craftsmen in Pasir Wetan Village can be done with assistance from the government, universities, and agencies in terms of capital, equipment, and skills training for craftsmen. Then the results of the analysis of the welfare level of metal SME craftsmen in Pasir Wetan Village are categorized as metal SMEs with the prosperous category, this is because the net income of each metal craftsman in Pasir Wetan Village, Karanglewas District, Banyumas Regency is greater than the UMK in Banyumas Regency in 2022. This is in line with research conducted by (Mahadipta, Utama, Yasa, & Setyari, 2022) that the role of government, and social capital affects business performance and business welfare. In addition, the increase in metal SMEs in Pasir Wetan Village needs to be carried out with a defense strategy that is used to reduce weaknesses and anticipate threats that can harm the business (Bastian, Fakhruddin, & Pertiwi, 2022). This, metal SME craftsmen must begin to apply technology in the production process.

The government, both the central and local governments, through the relevant ministries or agencies, must always provide assistance and involve SMEs in training so that SMEs can always innovate. Innovations made by SMEs will support efforts to increase efficiency and welfare. In addition, SMEs always need capital and equipment assistance. In the context of efforts to increase the efficiency and welfare of SMEs, the government should ideally include universities and related institutions. The role and cooperation of various parties in an effort to increase the efficiency and welfare of SMEs is expected to facilitate the realization of these efforts.

## **CONCLUSION**

The identification of the profiles of metal craftsmen in Pasir Wetan Village, Karangas District, Banyumas Regency shows that the majority of respondents are at the productive age. Respondents who are at the productive age as much as 92.86 percent. The education level of respondents is still relatively low. 67.86 percent of the respondents did not take up high school education. 21.43 percent of respondents only graduated from elementary school and there were six respondents who did not pass elementary school. The average business has been running for 18 years with a maximum length of business of four years and a maximum of 48 years. There is one respondent with a length of business over 40 years. The number of workers in the metal processing business varies considerably. The average number of workers used is three workers. Even so, some use only one worker and some use as many as 20 workers. The majority of respondents (82.14 percent of respondents) received a monthly net income level of between Rp1,000,000 - Rp10,000,000. There are only four respondents who received a net income level above Rp10,000,000, where the largest level of net income received was Rp50,000,000. Related to the results of the business efficiency analysis, it can be seen that the metal business in Pasir Wetan Village, Karangas District, Banyumas Regency is efficient. This shows that the total revenue value is greater than the total cost of production. The results of the welfare level analysis show that all metal craftsmen in Pasir Wetan Village, Karangas District, Banyumas Regency are in the welfare category. In other words, the net income of each metal craftsman in Pasir Wetan Village, Karangas District, Banyumas Regency is greater than the UMK in Banyumas Regency in 2022.

The implications of this research are the government, both the central and local governments, through the relevant ministries or agencies, must always provide assistance and involve SMEs in training so that SMEs can always innovate. Innovations made by SMEs will support efforts to increase efficiency and welfare. In addition, SMEs always need capital and equipment assistance. In the context of efforts to increase the efficiency and welfare of SMEs, the government should ideally include universities and related institutions. The role and cooperation of various parties in an effort to increase the efficiency and welfare of SMEs is expected to facilitate the realization of these efforts.

The limitation of this research is that not all aspects related to SMEs are analyzed in this study. Future research can discuss other aspects in addition to efficiency and the welfare of SMEs actors.

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