EXPLORATION OF STRATEGIC FACTORS THAT INFLUENCE KEDAI UMAH PRADJA PERFORMANCE BASED ON IFE AND EFE ANALYSIS

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ABSTRACT

This study aims to explore the strategic factors that influence the performance of Kedai Umah Pradja, a culture-based culinary MSME in Singaraja, Bali. The novelty of this study lies in the application of IFE (Internal Factor Evaluation) and EFE (External Factor Evaluation) analysis to businesses that integrate local cultural identity into their business strategies. Using a descriptive quantitative approach, data were obtained through questionnaires administered to four internal staff members and field observations. The results showed an IFE score of 4.74 and an EFE score of 4.53, placing Kedai Umah Pradja in the Strength–Opportunity (SO) quadrant, which is suitable for implementing an aggressive strategy. The main strategies proposed include local culture-based product innovation, digitization of promotion and services, and partnerships with local suppliers. This study contributes theoretically by linking cultural identity and structured strategic analysis, and provides practical implications for similar MSMEs in designing sustainable business strategies.

Keywords: MSME, IFE, EFE, strategy, cultural business

INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector in the Indonesian economy that plays a major role in creating jobs, reducing poverty, and increasing community income. Based on data from the Ministry of Cooperatives and SMEs, MSMEs contribute more than 60% to the Gross Domestic Product (GDP) and employ around 97% of the workforce. Note that an abstract must stand alone—it should not mention any citations. The abstract should also be relatively nontechnical, yet clear enough for an informed reader to understand the manuscript's contribution. This abstract should be written in less than 400 words. of the total workforce in Indonesia (Ministry of Cooperatives and SMEs of the Republic of Indonesia, 2022). This statement is also reinforced by Amny Firman el Azra's 2022 research, which reveals that MSMEs play an important role in Indonesia because they make a significant contribution (Amny, 2022). This dominant role makes MSMEs the backbone of the national economy, as well as an important factor in maintaining economic stability. However, amid an increasingly competitive and digital market, MSMEs also face major challenges in terms of appropriate and sustainable business development strategies.

The government has established MSME classifications based on Law No. 20 of 2008, which distinguishes Micro, Small, and Medium Enterprises (MSMEs) based on criteria of net wealth, annual turnover, and number of employees. Understanding these classifications is very important so that the strategies developed are in line with the capacity and needs of each business category. In addition to internal factors, the success of an MSME is also influenced by external factors. According to David (2006) in Sri (2018), the IFE matrix is used to analyze internal factors, classify them into strengths and weaknesses, and then weight them. In addition, the EFE matrix is used to analyze external factors and classify them into opportunities and threats (Sri & David, 2018). This statement is also reinforced by Ben-Abdallah's research in Ayunda (2023), which reveals that through the analysis of internal and external factors of a company based on regularly collected data, the IFE matrix and EFE matrix can be used to identify business advantages (Ayunda et al., 2023). Therefore, IFE and EFE analysis is necessary in the process of accurately identifying the strengths, weaknesses, opportunities, and threats faced by MSMEs.

This study took as its object one of the MSMEs in Singaraja City, namely Kedai Umah Pradja. This shop was chosen as the subject of the study because it has unique characteristics, namely utilizing an old house building that still retains its authenticity and presents a classic feel and strong *vintage* aesthetics. Its interior and exterior design shows respect for historical and local cultural values, making it not just an ordinary place to eat, but also a space for visual and emotional experiences for customers. The use of traditional spaces as business premises symbolizes creative adaptation that reflects sustainability, cultural conservation, and local tourist appeal. This is what attracted researchers to highlight Kedai Umah Pradja as an example of an SME with growth potential if supported by the right strategy.

This statement is supported by research conducted by Maria et al. (2024), which reveals that building conversion is carried out as a strategy to maintain the physical existence of the building through new uses that are completely different from its original function, so that the building is able to sustain itself independently. A similar situation occurred in this study, which was chosen because of its unique architectural characteristics, namely a colonial-style building typology that does not stand alone but forms a cluster with a uniform architectural style that influences the surrounding environment (Maria et al., 2024).

Although many studies have discussed MSME strategies in general, there are still very few studies that integrate local cultural identity into strategic analysis using IFE and EFE. This study aims to fill this gap, with its main contribution being the connection between cultural identity and a structured strategic analysis framework (SWOT). Thus, this study not only contributes to the development of MSME strategic management theory, but also provides practical implications for cultural-based culinary businesses.

The main objective of this study is to explore the strategic factors that influence the performance of Kedai Umah Pradja, using the IFE *(Internal Factor Evaluation)* and EFE *(External Factor Evaluation*) analysis approaches. These methods were chosen because they provide a comprehensive picture of an organization's strategic position based on relevant internal and external factors. The research was conducted using a descriptive quantitative approach, through the collection of primary data in the form of direct observation and the distribution of questionnaires to four Kedai Umah Pradja staff members. The results of this analysis will be used to develop effective and relevant development strategies, as well as provide practical contributions to other MSME players in developing adaptive and competitive business strategies.

The results of the study show that Kedai Umah Pradja is in an excellent strategic position, with IFE and EFE scores of 4.74 and 4.53, respectively, which are well above the industry average. This café has internal strengths such as its strategic location, affordable prices, and unique atmosphere, and can take advantage of external opportunities such as its proximity to the campus area and the lack of competitors. Based on the SWOT quadrant, the shop is in the Strength-Opportunities (SO) position, which encourages an aggressive strategy for business development. However, several weaknesses, such as a lack of product innovation, still need to be addressed to maintain competitiveness.

This study is expected to enrich the strategic management literature in the context of MSMEs in the region, while providing input for policymakers and business actors on the importance of identifying strategic factors in designing business development measures. This study is also relevant to the government's efforts to encourage the MSME sector to become more resilient and competitive amid digitalization and economic transformation.

The research questions examined in this study are: (1) How do the internal strengths and weaknesses of Kedai Umah Pradja affect its business performance and competitiveness based on the results of the IFE analysis? And to what extent can Kedai Umah Pradja utilize or anticipate external opportunities and threats in facing market dynamics, based on EFE analysis? (3) What is the most appropriate strategy for Kedai Umah Pradja to implement based on the results of the SWOT analysis to support sustainable business development?

The following are the research objectives to be achieved: (1) Analyzing the internal strengths and weaknesses of Kedai Umah Pradja and their influence on business performance and competitiveness through the IFE analysis approach, (2) To evaluate the extent to which external opportunities and threats can be utilized or anticipated by Kedai Umah Pradja in facing market dynamics, based on EFE analysis, and (3) To formulate the most appropriate and sustainable strategy for the development of Kedai Umah Pradja through a combination of SWOT analysis results.

LITERATURE REVIEW

To formulate an effective and sustainable business development strategy for Kedai Umah Pradja MSMEs, a strong theoretical foundation through literature review is required. This Literature Review is compiled to provide an in-depth understanding of the main concepts relevant to the research topic, such as

MSME business strategies, external environment analysis, internal resource-based advantages, and sustainable development models. In addition, this section also identifies gaps in previous research and strengthens the basis for formulating research questions and hypotheses. Thus, this literature review not only serves as a conceptual framework but also as a basis for answering the research objectives scientifically.

IFE and EFE Analysis

One important approach in strategy formulation is IFE and EFE analysis. IFE analysis is used to identify and evaluate internal factors such as business strengths and weaknesses, while EFE is used to assess external factors such as opportunities and threats in the business environment. Research by Prasetyawati et al. (2021) shows that the success of a business is certainly influenced by several factors, both internal and external. This study uses IFE and EFE analysis to determine the strategic position of MSMEs based on the results of weight and rating calculations in IFE and EFE (Prasetyawati et al., 2021).

In addition, research by Salsabila et al. (2023) used IFE and EFE analysis on Sushi Cingu to formulate a post-pandemic recovery strategy. Unlike that study, which emphasized operational recovery aspects, this study explored how cultural identity (colonial architecture, vintage nuances) could be integrated into the IFE/EFE framework. Thus, this study can expand the use of strategic analysis not only in business recovery but also in the creation of culture-based competitive advantages (Salsabila et al., 2023).

MSMEs as the Pillar of the National Economy

Micro, Small, and Medium Enterprises (MSMEs) have long been recognized as the main pillar of the economy in developing countries, including Indonesia. Their significant contribution to GDP and employment shows that MSMEs play a central role in strengthening the economic structure and improving community welfare (Wibowo & Handayani, 2022). In a local context such as Bali, MSMEs also serve as guardians of cultural heritage and local identity through the products and services they offer.

Although the economic contribution of MSMEs has been widely discussed, studies on the role of MSMEs as guardians of local cultural heritage are still limited. In the context of Bali, culinary MSMEs are not only economic entities but also agents of cultural preservation. This is relevant to Kedai Umah Pradja, which uses classic architecture and ambiance as its business identity.

MSME Business Strategy and Competitive Advantage

Developing the right business strategy is key to the success of SMEs in facing increasingly competitive markets. The *Resource-Based View* (RBV) and *Value Chain Analysis* approaches have been widely used to identify internal strengths such as physical and intangible assets, human resources, and unique capabilities (Estensoro et al., 2022). However, there is still a gap in how culinary sector SMEs integrate historical value, aesthetics, and customer experience differentiation in creating long-term competitive advantage.

Business Environment Analysis of MSMEs through PESTEL

PESTEL analysis is used to understand the dynamics of the external environment that affect the sustainability of MSME businesses, ranging from political, economic, social, technological, environmental, to legal aspects. MSME players need to increase their adaptability to external changes, especially trends in digitalization and environmental sustainability. This statement is supported by Respatiningsih's (2020) research, which reveals that MSME players should have the ability to adapt quickly in facing the era of the 4.0 industrial revolution (Respatiningsih, et al., 2020). This research is important because there are still few studies that highlight the systematic implementation of PESTEL in the context of Balinese culinary MSMEs.

Digital Transformation and SME Marketing

Digital transformation, such as the use of social media, cashier applications, and QR codes, is a strategic opportunity for MSMEs to expand their market and improve operational efficiency. However, in practice, many MSMEs have not optimally utilized this technology to build their brand and customer loyalty. Digital marketing significantly affects the business performance of MSMEs during crises such as the pandemic. However, most research on MSME digital transformation focuses on marketing and efficiency aspects, rather than how digitization can be integrated with the promotion of local cultural values. For MSMEs such as Kedai Umah Pradja, digitization can be a means of strengthening the historical narrative and cultural identity that are the main attractions of the shop.

This highlights the importance of digital adoption as a variable in business strategy development and performance that influences how businesses operate, innovate, and deliver value to customers (Sutatanto et al., 2024).

SWOT and TOWS Strategy Formulation

SWOT analysis followed by TOWS Matrix formulation allows for strategy formulation based on a combination of existing strengths, weaknesses, opportunities, and threats. However, studies that combine SWOT with aspects of community, local wisdom, and the social function of shops as public spaces are still minimal. Most SWOT/TOWS studies on MSMEs still focus on operational aspects (products, prices, locations). Studies that use SWOT to include cultural variables, local wisdom, and social functions are still rare. In fact, these non-economic factors can be strategic strengths that differentiate culture-based MSMEs from their competitors.

This study integrates the Resource-Based View (RBV), PESTEL, and SWOT approaches into a single integrated analytical framework. Internal factors obtained through RBV are included in the IFE Matrix, while external factors obtained through PESTEL are included in the EFE Matrix. Furthermore, the results of both analyses are combined in the SWOT/TOWS framework to formulate adaptive and sustainable business strategies. Thus, this study does not only use RBV, PESTEL, and SWOT separately, but combines them into a more comprehensive Single analytical model.

Although there are many studies discussing MSME strategies in general, few have examined the integration of the RBV, PESTEL, and SWOT approaches in the context of MSMEs that promote values.

The historical and aesthetic value of buildings such as Kedai Umah Pradja. This study explores how cultural value and customer experience can become sustainable competitive advantages, and how these can be integrated into innovative and sustainable business strategies. Unlike the Sushi Cingu study (Salsabila et al., 2023), which focuses on post-pandemic recovery strategies, this study emphasizes the integration of cultural identity into business strategies. Thus, this study fills a gap in the literature by offering an integrated analytical framework that combines RBV (internal resources), PESTEL (external environment), and SWOT (strategy formulation) in the context of culinary SMEs based on cultural heritage.

METHOD, DATA, AND ANALYSIS

Method

This study uses a quantitative descriptive approach with a case study of the Kedai Umah Pradja SME in Singaraja, Bali. This approach was chosen to systematically describe the internal and external conditions of the business and formulate appropriate strategies for business development. Quantitative descriptive allows researchers to present data in the form of numbers and simple statistical analysis to interpret the phenomena occurring in the field objectively. Meanwhile, the case study method is used to explore in depth the characteristics and dynamics of the Kedai Umah Pradja business as a single unit of analysis that is the focus of this study.

The research sample was determined purposively, by selecting respondents who were considered to understand and direct involvement in the business activities of Kedai Umah Pradja. In this case, the number of respondents involved was four, consisting of all café staff. The criteria for becoming a respondent included: (1) being at least 18 years old, (2) being actively involved in operational activities or having experience interacting directly with the business, (3) being willing to provide information openly and honestly, and (4) having time to participate in interviews or fill out questionnaires. The selection of respondents with these criteria aims to ensure that the data collected truly represents the actual conditions of the business being studied.

Data

The data sources used were primary and secondary data. Primary data was obtained by distributing questionnaires to four internal respondents, namely the staff and employees of Kedai Umah Pradja. The questionnaire was compiled based on SWOT (*Strengths, Weaknesses, Opportunities, and Threats*) indicators, with a rating scale from 1 (very poor) to 6 (very good). Meanwhile, secondary data was obtained from scientific literature, journal articles, business documents, and direct observation at the business location.

The data collection technique was carried out by distributing SWOT questionnaires that had been compiled and validated internally. Each SWOT indicator was assessed for follow-up. The assessment was carried out by permanent employees who had a deep understanding of business operations. The collected questionnaire data was summarized in a table to calculate the total score, weight, rating, and the result of the weight multiplied by the rating, both for internal factors (IFE) and external factors (EFE). The preparation of SWOT indicators considered strategic aspects such as location, price, product quality, service, and external challenges such as competition and fluctuations in raw materials.

However, this study has methodological limitations because it only involved four internal respondents, a number that does not meet the minimum standard based on Slovin's calculation (23 respondents). Therefore, the results of this study represent more of an internal perspective and do not fully reflect the views of customers or other stakeholders.

The research instrument, in the form of a SWOT questionnaire, was developed based on strategic indicators that refer to the Resource-Based View (RBV) theory, PESTEL analysis, and previous research on MSME strategies. Internal indicators include location, price, product quality, service, and human resources, while external indicators include competition, raw material fluctuations, consumer trends, regulations, and technological developments. The instrument was validated through content validity involving two lecturers specializing in strategic management and one MSME practitioner. The validators were asked to assess the suitability of the indicators with the SWOT concept, the clarity of the questions, and their relevance to the context of Kedai Umah Pradja. Input from the experts was used to improve the wording and ensure the readability of the questions. After that, the questionnaire was tested on a limited basis with two internal respondents to ensure that there were no ambiguous questions before it was used in the main study.

Analysis

In the data analysis process, this study used several methods, namely PESTEL to analyze the macro external environment, *Resource Based View* (RBV) and *Value Chain Analysis* to assess internal strengths, and SWOT analysis to map the strategic position of the business. IFE and EFE values were calculated to determine the shop's position in the SWOT diagram. Next, a TOWS Matrix was used to formulate strategies based on a combination of internal and external factors. The analysis results showed that Kedai Umah Pradja was in the aggressive strategy quadrant (*Strength-Opportunities)*, which means that the business has strong internal strengths and a supportive external environment, making it feasible to implement a proactive development strategy.

RESULTS AND DISCUSSION

In this study, data was collected by distributing questionnaires to several respondents who were employees of Kedai Umah Pradja. The aim was to assess the extent to which internal factors (strengths and weaknesses) and external factors (opportunities and threats) influence the strategic position of the business.

Table 1. Summary of Questionnaire Results

Factors	Total Score	Average per Indicator
Strength	119	19.83
Weakness	85	17.00
Opportunity	79	19.75
Threat	64	16.00

Source: Data processed by the author

The analysis shows that Kedai Umah Pradja has significant strengths and opportunities to achieve success. The high score obtained indicates great potential for further development. However, it should be noted that several internal challenges need to be addressed to maximize this potential. Success also depends on improving operational efficiency, optimizing resource management, continuous product innovation, and implementing an integrated information system. By overcoming internal challenges and capitalizing on its strengths and opportunities, Kedai Umah Pradja can achieve sustainable success.

The results of the Internal Factor Evaluation (IFE) analysis show a score of 4.74 for Kedai Umah Pradja, indicating a very strong and competitive internal position for the company. This score is well above the industry average of 2.5, showing that the company has successfully managed and utilized its internal strengths effectively. This success is particularly evident in two key factors: affordable product prices and a strategic business location.

Table 2. Internal Factor Analysis Summary (IFE)

Internal Strategic Factors (Strengths)	Weight	Weight	Rating	Weight x Rating
1. Well-known *brand* Singaraja	17	0.08	4.25	0.34
2. The cafe provides complete facilities (WiFi, parking, etc.)	19	0.09	4.75	0.43
3. Offers a variety of delicious flavors various menus available	22	0.11	5.5	0.61
4. Affordable prices for students	20	0.10	5	0.5
5. Has outdoor and indoor	19	0.09	4.75	0.43
6. The cafe is strategically located and easily to reach	22	0.11	5.5	0.61
TOTAL	119	0.58		2.92
Strategic Factors Internal (Weaknesses)	**Total**	**Weight**	**Rating**	**Weight Rating**
1. Parking space is not spacious enough	14	0.07	3.5	0.25
2. Product quality is inconsistent	18	0.09	4.5	0.41
3. Frequent shortages of raw materials	19	0.09	4.75	0.43
4. Lack of product innovation	18	0.09	4.5	0.41
5. Operating hours are not flexible enough	16	0.08	4	0.32
TOTAL	85	0.42		1.82
Total Strengths and Weaknesses	204	1.00		4.74

Source: Data processed by the author (2025)

The ability to offer quality products at competitive prices makes Kedai Umah Pradja attractive to price-sensitive consumers. Meanwhile, the strategic location chosen facilitates access for potential customers and increases business visibility. This high IFE score indicates that the company has a strong foundation to face external challenges and achieve success in the future. Further analysis can be conducted to identify other internal factors that contribute to this high score and to ensure the sustainability of these strengths. Although there are still some operational weaknesses such as limited parking space and raw material shortages. These factors have a relatively small impact compared to the strengths of MSMEs.

Table 3. External Factor Analysis Summary (EFE)

Factors External Strategy (Opportunities)	Total	Weight	Rating	Weight x Rating
1. The Cafe is in A Strategic	20	0.14	5	0.7
2. Located in the Campus	21	0.15	5.25	0.79
3. Potential for Collaboration with *Delivery* Applications	20	0.14	5	0
4. Far from Other Cafes	18	0.13	4.5	0.56
Total	79	0.58		2.75
External Strategic Factors (Threats)	**Total**	**Weight**	**Rating**	**Weight x Rating**
1. Many Competitors New Emerging	17	0.12	4.25	0.51
2. Raw Material Prices Are Rising	15	0.10	3.75	0.38
3. Changes In In Of Consumers	17	0.12	4.25	0.51
4. Price Competition with Other Cafes	15	0.10	3.75	0.38
Total	64	0.44		1.78
Total Opportunities And Threats	143	1.00		4.53

Source: Data processed by the author (2025)

Based on the results of the External Factor Evaluation (EFE) analysis with a total score of 4.53, it can be concluded that Kedai Umah Pradja is in a very favorable external position. This score far exceeds the average value (2.5), which indicates that the business can manage external environmental dynamics effectively. The high score reflects the shop's capacity to take advantage of available opportunities and minimize the impact of threats, thus providing a strong foundation for growth-oriented business development strategies.

When linked to the PESTEL framework, the opportunities that have been successfully exploited mainly stem from social and environmental factors. The strategic location of the shop in the campus area is an important asset that is in line with the behavior trends of young consumers, who generally seek comfortable and affordable social spaces. Additionally, the opportunity for collaboration with delivery apps related to technological factors demonstrates the shop's ability to adapt to changes in digital consumption behavior, an important aspect in the era of the Fourth Industrial Revolution (Respatiningsih et al., 2020). From an economic perspective, the shop's presence in an area with strong student purchasing power further strengthens market prospects. Threats such as the emergence of many competitors and changes in consumer preferences can be understood as social and industrial competition, but so far they have been relatively manageable by maintaining service quality, differentiating the atmosphere, and maintaining cultural proximity to the local community.

From a Resource-Based View (RBV) perspective, success in responding to these external opportunities cannot be separated from the internal strengths of the shop. A strategic location is not just an external factor, but becomes a resource that is valuable, rare, inimitable, and organized when combined with a service strategy based on local wisdom. The advantage of location combined with the use of digital technology can be seen as a unique capability that supports sustainable competitive advantage. Thus, the EFE results not only show that the external environment is conducive, but also that the shop has the internal capacity to absorb external opportunities into strategic resources that support long-term business development.

SWOT Analysis Diagram

Strengths

Established brand awareness within the local community like Kedai Umah Pradja has established itself as one of the local culinary businesses with a high level of brand recognition among the people of Singaraja. The credibility and loyalty of its customers are valuable social capital in strengthening business sustainability and expanding market reach through organic marketing mechanisms, such as *word of mouth*. Complete facilities to support customer activities: The availability of facilities such as stable Wi-Fi access, ergonomic seating, and representative indoor and outdoor areas makes this cafe multifunctional, providing a space that supports both professional activities such as *remote* working and informal activities such as relaxing or group discussions. A comfortable and *homey* atmosphere the interior design and warm atmosphere of the cafe contribute to creating customer emotional attachment. This sensory experience encourages customers to not only purchase products, but also to make the cafe a place for social interaction that has emotional value. Responsive and professional customer service *like* the service standards demonstrated by the shop staff, in terms of friendliness, speed, and accuracy in fulfilling customer requests, create consistent customer satisfaction and strengthen the public's perception of the business's professionalism. The use of open space as a competitive advantage *the* availability of open spaces provides flexibility for customers who prioritize a natural atmosphere and open-air circulation, which has now become a common preference in the wake of the pandemic. This has also become *a value proposition* that distinguishes Umah Pradja from its competitors. Consistency in tasteThe quality of the dishes, which maintains consistency in taste and presentation, is the main foundation in building *brand equity.* This shows that the business has successfully balanced culinary creativity with operational standards. Strategic and easily accessible geographical location the business location, situated on a route easily accessible by private vehicles and public transportation, gives the shop high visitation potential, both from local consumers and out-of-town visitors. Active digital marketing Promotional strategies through social media channels are carried out regularly and consistently, enabling direct engagement with customers and increasing brand visibility, especially among the younger generation who are highly connected digitally.

Weaknesses

Limited parking capacity like the limited parking area can cause inconvenience for customers, especially during peak hours, and act as a limiting factor for visits. Limited variety of menu items offered like the limited number of menu options restricts the business's ability to cater to a wider range of customer tastes and needs Product consistency is not yet stable like Variations in taste and presentation over time can undermine customer confidence in the quality of the services and products offered. Raw material inventory management constraints like Frequent stockouts indicate that the procurement and logistics management systems still need improvement to support smooth operations. Lack of innovative menu updates like the lack of innovation in product development gives the impression of a stagnant business and risks falling behind competitors who are more adaptive to market dynamics Inflexible operating hours like Relatively limited opening hours cause the business to miss opportunities to capture market segments that are active during unconventional hours, such as students or night shift workers.

Opportunities

Strategic location as a growth lever like the business's location in a busy area opens great potential for attracting customers from various backgrounds, including the public and new visitors. Proximity to higher education institutions Direct access to the academic community (students and campus staff) presents opportunities to make the café a strategic space for productivity and socialization Minimal *competition* with few competitors within its operational radius, Kedai Umah Pradja has a great opportunity to become the top choice in its neighborhood.

Threats

The emergence of many new players in the industry the high dynamics of the culinary sector make competition increasingly fierce, especially from new businesses that offer unique concepts and aggressive pricing. Increase in raw material supply prices like dependence on raw materials with fluctuating prices can squeeze profit margins and force price adjustments that risk reducing consumer interest. Volatility in market tastes and preferences like rapid changes in consumption trends and lifestyles require businesses to actively adjust their product and service strategies. Price wars between *competitors like* Low price offers from competitors can force businesses to engage in harmful price competition if they are unable to offer clear.

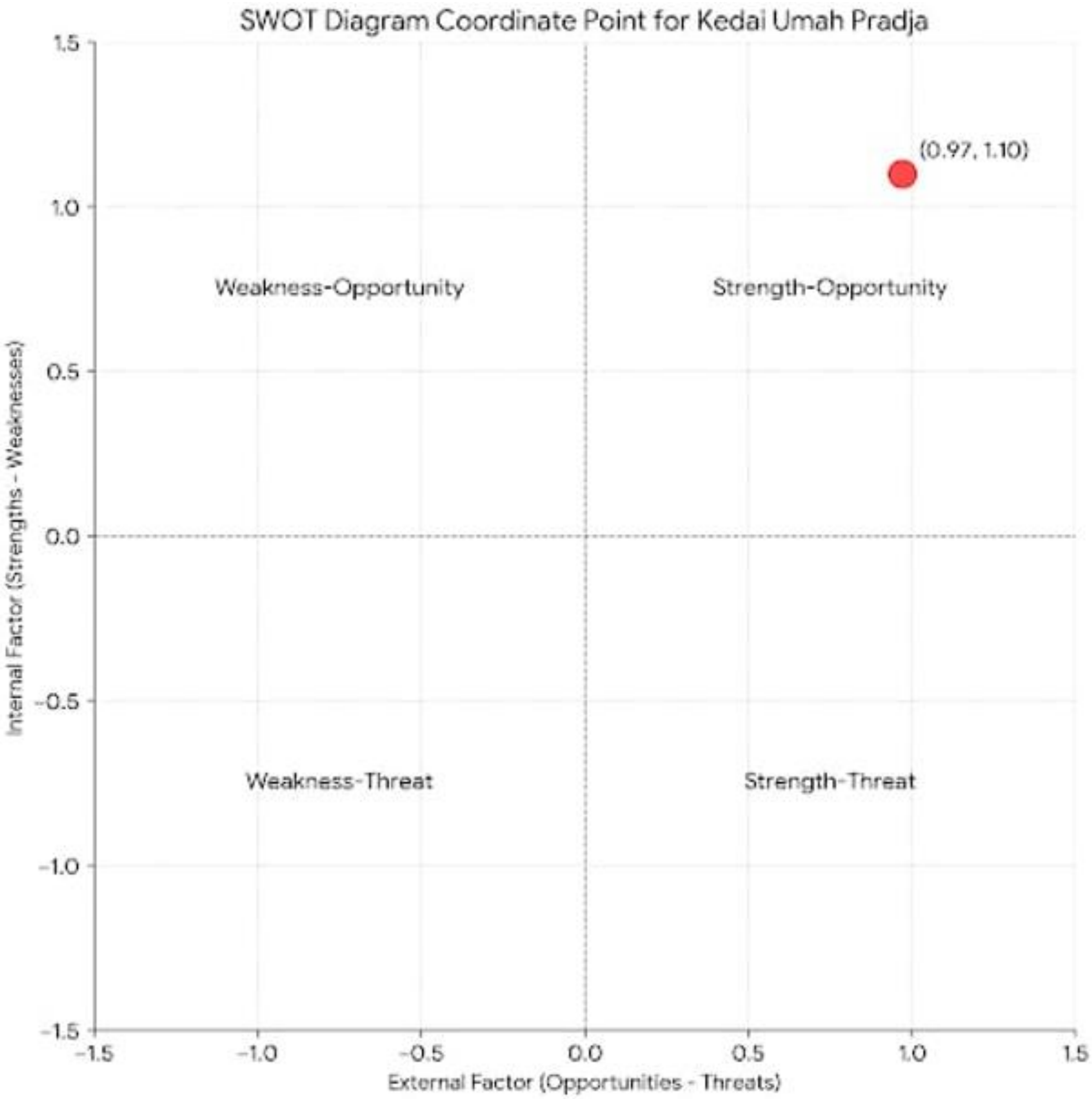

Figure 1. SWOT analysis diagram for Kedai Umah Pradja
Source: Data processed by the author (2025)

Based on the diagram above, the point (0.97, 1.10) is located at the intersection of the Strengths-Opportunities quadrant, which represents a supportive strategy. The location of these coordinates indicates that the institution has strong internal potential while facing promising external circumstances, making it appropriate to implement a progressive development strategy.

The IFE result with a score of 4.74 shows consistent internal strengths in line with the RBV perspective, particularly strategic location, cultural atmosphere, and affordability. Meanwhile, the EFE score of 4.53 confirms favorable external conditions as described in the PESTEL analysis, especially social factors (proximity to the campus area) and economic factors (minimal competition). Based on the SWOT quadrant results; the recommended aggressive strategies include: (1) menu innovation based on local culinary heritage to increase differentiation; Kedai Umah Pradja can add menus that highlight traditional Balinese or Indonesian cuisine with a modern touch (fusion). For example, adapting traditional foods such as lawar, tipat cantok, or jaja Bali into practical café versions while maintaining their authentic flavors. Innovation can be achieved by combining local ingredients with modern presentation techniques to differentiate from competitors. (2) Digitalize service and marketing systems to expand market share; The café can optimize digital marketing through social media (Instagram, TikTok) with visual content that highlights the classic aesthetics of the building, cultural storytelling, and customer reviews. On the service side, POS (Point of Sale) systems, QR payments, and delivery app partnerships (GoFood, GrabFood, ShopeeFood) can be implemented to expand market access. (3) Partnerships with cultural communities and

Local suppliers to ensure supply stability and strengthen cultural identity narratives. Kedai Umah Pradja can collaborate with local cultural communities (art studios, photography communities, traditional musicians) to hold small events (live acoustic performances, art exhibitions, cultural discussions). On the supply side, establish contracts with local farmers or producers (Bali coffee, organic rice, vegetables) to ensure quality while supporting the sustainability of the supply chain. These strategies are worth implementing because they are in line with internal resources while taking advantage of opportunities.

CONCLUSION

This study confirms that MSMEs can integrate cultural identity with formal strategic analysis models (IFE/EFE, PESTEL, SWOT) to increase business competitiveness and sustainability. The theoretical contribution of this study lies in expanding the literature on SME strategic management, particularly by showing how cultural values—such as architectural heritage and local aesthetics—can be integrated with formal strategic frameworks, an aspect that has been rarely studied.

In terms of managerial implications, Kedai Umah Pradja needs to develop concrete steps for the next 1– 3 years. In the first year, the focus will be on menu innovation based on local cuisine as the main differentiator. In the second year, the shop needs to strengthen its digital transformation through social media-based marketing, application-based service systems, and online delivery partnerships. In the third year, strengthening partnerships with local suppliers and cultural communities will be a priority to build supply stability while reinforcing the cultural identity narrative inherent in the business.

Meanwhile, the policy implications for local governments are to provide tangible support for culture- based MSMEs. This support can take the form of financial incentives for businesses that maintain local cultural identity, the implementation of culture-based digitalization and branding training programs, and the promotion of culinary tourism integrated with regional tourism development. Thus, this research not only contributes theoretically to the development of MSME strategies but also provides practical guidance for business actors and policymakers in promoting the sustainability of culture-based MSMEs.

IMPLICATIONS/LIMITATIONS AND SUGGESTIONS

This study provides significant practical and theoretical implications. From a practical perspective, the results of the IFE and EFE analyses show that MSMEs such as Kedai Umah Pradja can use a quantitative strategic analysis approach to formulate adaptive and competitive business development strategies. This approach can be used as a model by other MSME players facing similar challenges. Theoretically, this study expands the application of strategic management models by integrating the SWOT, RBV, and PESTEL approaches in a local context based on culinary culture and aesthetics.

However, this study has several limitations that need to be considered. First, the limited number of respondents, which was only four internal café employees, reduced the variety and validity of the data produced. Based on calculations using the Slovin formula, assuming a population of 30 people with a margin of error of 10%, the author needed to collect data from at least 23 respondents for the questionnaire results to be considered representative of the population.

This opens the possibility that the results of strategic evaluations reflect a narrow internal perspective and do not capture the overall views of customers or other stakeholders. Second, the use of a descriptive quantitative approach with a subjective rating scale (1–6) has the potential to cause bias in respondents' perceptions of SWOT indicators, which can affect the accuracy of IFE and EFE score calculations. This limitation is not caused by errors in data processing, but rather by limitations in data collection methods and sampling. Third, the analysis did not explore broader macroeconomic factors such as fiscal policy, demographic changes, or the global economic crisis, which also have the potential to affect the sustainability of MSMEs. Therefore, the results and conclusions of this study should be understood in a local context and with the consideration that other unmeasured factors can significantly affect business dynamics.

This study is limited by the number of respondents, which does not meet the Slovin standard, so the results reflect an internal perspective rather than an external view. For future research, it is recommended to use a mixed method by adding respondents from customers, suppliers, and community partners, as well as involving a qualitative approach (FGD and in-depth interviews). Thus, the research results can provide a more comprehensive picture of the dynamics of culture-based MSME strategies.

For future research, it is recommended to involve more respondents from various stakeholders, including customers, suppliers, and business partners, to make the analysis more comprehensive. In addition, combining qualitative approaches such as in-depth interviews or focus group discussions can enrich the understanding of the cultural context, customer emotions, and long-term perceptions of business strategies. Thus, the research results will be methodologically stronger and can be used as a reference for policy development or innovation in the MSME sector at large.

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