

SME BUSINESS DEVELOPMENT STRATEGY: SWOT AND EFE-EFI ANALYSIS

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Abstract: SME Business Development Strategy: SWOT and EFE-EFI Analysis. The purpose of this research is to determine the profile, condition, and model of Small and Medium Enterprises (SME) business development strategy. The study used 40 respondents selected in a multi stage. Research location in Gresik Regency East Java determined four villages by purposive as the sample unit. Each unit was randomly taken ten perpetrators of SMEs processing marine fish as respondents. Data were analyzed by SWOT and EFE-EFI analysis. The results explained that most SMEs are young and well educated. Most SMEs are not yet legal entities. The level of ability of SMEs in managing the business and the level of achievement of marketing performance is good. The model of SME's business development strategy is S-O. Hope that SME's are more optimizing their strengths to take advantage of opportunities that are as optimal as possible.

Keywords: SWOT, EFE-EFI, business development strategy



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Indonesia has the opportunity to become the world's largest producer of fishery products because fisheries contribution from year to year has increased. Opportunities to develop marine products and fisheries in Indonesia have good prospects to encourage the economy. Community, especially SMEs (Small and Medium Enterprises). Gresik Regency is one of the districts in East Java Province with a large number of SMEs processing fishery products. Fish management activities include processing fresh fish, canning, freezing, salting/drying,

scanning, smoking, fermentation, reduction, semi-processing and other processing. But this business activity with all its limitations, including the ability to innovate, weak in capital, technology, and information, management, and marketing, is subsystem and are partially distributed. To optimize the utilization of the potential of marine and fisheries resources and make this sector a prime mover of national economic development in Tuban Regency, efforts are needed to accelerate and breakthrough in the development of marine and fisheries supported by political and economic policies and a conducive social climate. Given that SMEs are a tool of national struggle to grow and develop the economy by involving as many economic actors as possible based on their potential by justice for all stakeholders (Wilantara, 2016).

According to Aldo in Sancoko (2015), business is all activities producing goods and services that aim to make a profit. To make decisions on business

development, business developers and strategies for deciding are needed. While the business development strategy is the creation of long-term value for consumers and the market related to the task and analytical preparation process for the potential for growth opportunities and assistance to the implementation process of growth opportunities but does not include decision making, formulation, and direct implementation of growth opportunities.

The tools for developing business development strategies are SWOT and EFE-EFI analysis. The results of research on SWOT include the results of Arslan, et al. research in Muhammad, et al. (2013), explained, among others, the impact of pre-job evaluation in assessing SWOT analysis appears to be positive for effective strategic marketing planning. Research result Chan (2011), there are four strategic approaches, namely the SO, ST, WO, and WT strategies. There are two factors: strengths and weaknesses, external factors (opportunities and threats).

Based on the description above, the research was carried out with the title of SWOT and EFE-EFI analysis for the business development strategy of SMEs in the marine fish processing in Gresik Regency, East Java. The purpose of this study was to find out the profile, conditions and business development strategy model for small and medium fish processing SMEs in Gresik Regency, East Java.

METHOD

This research is quantitative research that describes the condition of an object of research. The population in this study was a marine fish processing SME in Gresik Regency, East Java. The sample used was 40 SMEs in multi-stage. Phase 1, determined four villages that have a lot of marine processing fish (purposive) as sample units, namely Ujung Pangkah Village, Ujung Pangkah Subdistrict, Kramat Village, Duduk Sampeyan District, Mengare Village and Indrodelik Village, Bungah District. In the second phase, each of the 10 SME actors was randomly selected as respondents.

The measuring instrument in this study is a questionnaire consisting of statements with alternative answers that use a Likert scale, namely the value

of 1 (disagree), 2 (doubt / neutral), and 3 (agree). The level of value of the variables observed in this study is based on the calculation (highest value - lowest value) / highest value, namely $(3 - 1) / 2 = 0.67$. So that the level of the variable values are: $1.00 - 1.67 = \text{low}$, $1.68 - 2.34 = \text{moderate}$, and $2.35 - 3.00 = \text{high}$

The variables of this study are strengths, weaknesses, opportunities, and threats. According to Fajar (2016; 13), strengths are natural resources that are owned, skills, or other advantages that relate to company competitors and market needs that can be served by companies that are expected to be served. Strength is a special competition that provides a competitive advantage for companies in the market. Weakness is a limitation or lack of natural resources, skills, and capabilities that effectively hinder the company's performance. These limitations can be in the form of facilities, finance, management skills, and marketing skills. Opportunities are important situations that are profitable in the corporate environment. Important trends are one of the sources of opportunity, such as technological changes and the increasing relationship between companies and buyers or suppliers is a picture of opportunities for the company. Threats are important situations that are not profitable in the corporate environment. The existence of new or revised government regulations can be a threat to the company's success.

Data is analyzed by SWOT. According to Gomatesh and Poornima in Ramavanavar, et al. (2012), SWOT analysis method has been widely used as a tool for planning and analyzing strategic actions over the past decade. According to Oreski (2012), SWOT is an acronym of strength, weakness, opportunities, and threats. According to Abubakar and Bella (2013), SWOT is a system or process of considering the internal and external factors affecting the performance of an organization in relation to competitor or market situation. According to Noga and Geoffrey in Kreiner and Wall (2007), explain that strengths and weaknesses are internal to the entity under evaluation whereas opportunities and threats refer to the broad context or environment in which the entity operates.

According to Freddy in Rangkuti (2016), Internal factor evaluation (EFI) influences the formation of Strengths and Weaknesses (S and W). This factor concerns the conditions that occur within the company, which also influences the formation of decision making (decision making) of the company. According to Purwono, et al. (2015), Internal factors include management, marketing, finance/accounting, production / operations, etc. Meanwhile, according to Fandy and Gregorius in Tjiptono and Chandra (2012), marketing strategy is a plan that describes the company's expectations of the impact of various marketing activities or programs on product demand or product lines in a particular target market. According to Ferdinand in Augusty (2000), states that marketing performance is a factor that is often used to measure the impact of the strategy implemented by the company. The company's strategy is always directed to produce good marketing performance (such as sales volume and sales growth) as well as good financial performance. Furthermore, Ferdinand also stated that good marketing performance is expressed in three main values, namely sales value, sales growth, and market share. According to Dessler (2016), Human resource manage-

ment is the process of obtaining, training, assessing, and compensating employees, paying attention to their working relationships, health, security, and justice issues. According to Kasmir (2010), financial management is all activities related to the acquisition, funding, and management of assets with several overall objectives.

According to Freddy in Rangkuti (2016), This external factor evaluation (EFE) affects the availability of opportunities and threats (O and T). These factors relate to conditions that occur outside the company that influences the company's decision making. According to Purwono, et al. (2015), External factors include economic strength, social strength, culture, demography and environment, government, and legal political power, technological power, and competitive forces. So, before a strategy is implemented, strategic planning must analyze the external environment to find out various possible opportunities and constraints. See Tables 1 and 2.

According to Freddy in Rangkuti (2016), the tool used to develop a business development strategy is a SWOT matrix consisting of External Factor Evaluation (EFE) and Internal Factor Evaluation (EFI). See Table 3.

Table 1 External Factor Evaluation (EFE)

External Strategy Factors	Quality	Rating	Quality x Rating
Opportunities:			
Indicator 1	B1	R1	B1R1
Indicator 2	B2	R2	B2R2
Indicator 3, etc.	B3	R3	B3R3
Opportunity Score (SP)			B1R1+B2R2+B3R3
threats:			
Indicator 1	B4	R4	B4R4
Indicator 2	B5	R5	B5R5
Indicator 3, etc.	B6	R6	B6R6
threats Score (SH)			B4R4+B5R5+B6R6
Total	1,00		SP + SH

Table 2 Internal Factor Evaluation (EFI)

Internal Strategy Factor	Quality	Rating	Quality x Rating
Strength:			
Indicator 1	B1	R1	B1R1
Indicator 2	B2	R2	B2R2
Indicator 3, etc.	B3	R3	B3R3
Strength Score (SP)			B1R1+B2R2+B3R3
Weaknesses:			
Indicator 1	B4	R4	B4R4
Indicator 2	B5	R5	B5R5
Indicator 3, etc.	B6	R6	B6R6
Weaknesses Score (SH)			B4R4+B5R5+B6R6
Total	1,00		SP + SH

Table 3 SWOT matrix

EFI	STRENGTHS (S)	WEAKNESSES (W)
OPPORTUNITIES (O)	STRATEGI S - O	STRATEGI W - O
THREATS (T)	STRATEGI S - T	STRATEGI W - T

Based on Table 3. There are four alternative business development strategies based on the SWOT analysis, namely: S-O Strategy. Very favorable conditions, namely the system has good strengths and opportunities. The SO strategy is made based on the company's mindset, which is by utilizing all the strengths and utilizing opportunities as much as possible. Strategy S - T. The system has strength but faces various threats. This strategy is made using the strengths of the company to overcome threats. The W-O strategy. The system has good opportunities but is constrained by internal weaknesses. This strategy is implemented by minimizing existing weaknesses and utilizing opportunities. The right strategy is to minimize internal problems so that they can seize external opportunities better. Strategy W - T. Very unfavorable conditions. This strategy is based on activities that are defensive and try to minimize existing weaknesses and avoid threats.

RESULTS AND DISCUSSION

Male respondents are the same as women. Most (67.5%) are young (≤ 40 years). Most (80%)

level of education is junior and senior high school. Most (95%) are not legal entities. Most SMEs produce crackers. Others are shrimp paste, *petis* (black colored shrimp paste), nugget, etc.

The level of business management in SMEs in Gresik Regency is both in the field of employee management, production, external business, marketing strategy, and performance. But the level of financial management of SMEs is medium. That fact can be obtained that the level of management of employees, production, external, marketing strategies and performance indexed ≥ 2.34 , except indexed financial management activities < 2.34 . See Table 4.

Table 4 Level of Business Management in MSMEs

	Mean
Employee	2,3604
Production	2,4850
Finance	2,3295
External Enterprises	2,5906
Marketing strategy	2,5205
Marketing Performance	2,8000

Research result Osita, et al. (2014), SWOT analysis, however, helps one of the two studied to advance in the face of growing challenges leading to its stability and increased productivity. According to Jain (2015), explained that the SWOT model of Thirukkural is a complete analysis of any problems that an entrepreneur may have to face while starting a new business. In this study, the strengths of these SMEs are employee procurement planning that is carried out in accordance with the needs of the work unit (S1), carrying out the recruitment process, selection, placement, orientation, and introduction to get employees who fit the needs (S2), do division of tasks clear to employees in writing and implemented (S3), arrangements in such a way that employees work in a coordinated manner within a work unit or between work units (S4), carrying out employee development activities that can improve technical skills and behavior to support the achievement of business goals (S5), supervision of work of employees by business owners or managers (S6), sanctions given to employees for disciplinary violations (S7), ease of obtaining suppliers with raw materials in accordance with business needs (S8), machines / equipment used for the process production (S9), the work steps for the production process so that the product quality is finished min (S10), the supply of raw materials and finished goods are stored in a safe place and avoid the risk of damage / expiration (S11), planning of income and financial expenses and profits (S12), knowing the calculation of working capital costs needed for a production process (S13), determine the price and profit of an item (S14), the separation between assets and owner's debt with the business unit's assets and debt (S15), the product already has a variety of tastes that consumers like (S16), the product has a variety of packaging and size (S17), the products made are very concerned about the quality of raw materials (S18), the products made to pay attention to the health of consumers (S19), the product has a variety of prices affordable by consumers (S20), offering clear prices on goods price list (S21), the product is sold in a place that is easily obtained by consumers (S22), facilities for the convenience of consumers to transact such as goods delivered, purchases via telephone, online, etc. (S23), promotions

are carried out periodically to introduce products either through WA, brochures, signboards, etc. (S24).

Weaknesses owned by SMEs are monthly wages / salaries given to employees in accordance with government regulations (UMP) (W1), incentives in addition to wages given to employees (W2), other awards besides incentives given to employees who work well (W3), health insurance or old age such as BPJS, etc. for employees (W4), adequate amount of raw material supplies (W5), every business transaction in this business is processed by computer (W6), documents about recording every transaction of business activities from this business has been sufficient (W7), the owner or financial manager always evaluates the financial and financial system of the business (W8), the owner or financial manager always checks the business finances (W9), offers several promos such as discount promos, free promos (bonuses), and a gift promo (W10), this product already has a registered trademark (W11).

The opportunity that these SMEs have is to face a high level of business competition (O1), the natural situation greatly influences production activities (O2), has a relatively high level of buyer bargaining power (O3), has a relatively high level of supplier bargaining power (O4), increase in market share compared to the previous year (O5), profit growth (profit) compared to the previous year (O6), sales volume growth compared to the previous year (O7), and an increase in consumer satisfaction compared to the previous year (O8).

While the challenges of the UKM are the lack of BUMN / BUMD support for this business improvement (T1) and the lack of support from other parties (T2). Based on the EFI-EFE analysis, the EFI score is 3.00, greater than the EFE score = 2.606. This means that UMKM players prioritize internal factors rather than external factors. Strength score = 2.429 is greater than the weakness score = 0.571. Opportunity score = 2.332 is greater than the resistance score = 0.274. So that the business development strategy model of this business is the S-O strategy, meaning that the UMKM actors optimize their strengths to make the most of opportunities as optimally as possible. Weakness to take advantage of opportunities. The same thing was done

by Muatasim and Norlena (2015), in his research explained that the SWOT and EFE / EFI matrix to analyze and investigate the implementation and advice of e-Government in Oman using secondary data from statistical reports. See Table 5.

Table 5 EFI analysis

No	Statement Item	Quality	Rating	QxR
Strength				
1	S1	0,026	2,40	0,062
2	S2	0,035	2,65	0,093
3	S3	0,021	2,40	0,050
4	S4	0,032	2,68	0,086
5	S5	0,037	2,78	0,103
6	S6	0,028	2,45	0,069
7	S7	0,027	2,48	0,067
8	S8	0,025	2,50	0,062
9	S9	0,025	2,38	0,059
10	S10	0,027	2,58	0,070
11	S11	0,032	2,65	0,085
12	S12	0,025	2,53	0,063
13	S13	0,025	2,50	0,063
14	S14	0,028	2,55	0,071
15	S15	0,024	2,43	0,058
16	S16	0,038	2,75	0,104
17	S17	0,038	2,78	0,106
18	S18	0,039	2,75	0,107
19	S19	0,031	2,60	0,081
20	S20	0,026	2,55	0,066
21	S21	0,027	2,60	0,070
22	S22	0,028	2,63	0,074
23	S23	0,026	2,55	0,066
24	S24	0,026	2,45	0,064
Sub-Total		0,696		2,429
Weakness				
1	W1	0,032	2,30	0,074
2	W2	0,027	1,83	0,049
3	W3	0,027	1,83	0,049
4	W4	0,025	1,85	0,046
5	W5	0,027	1,68	0,045
6	W6	0,033	1,93	0,063
7	W7	0,028	1,80	0,050
8	W8	0,024	1,78	0,042
9	W9	0,022	1,70	0,037
10	W10	0,034	2,03	0,069
11	W11	0,025	1,90	0,047
		0,304		0,571
		1,000		3,000

Source: Data Processing Results

Table 6 EFE analysis

Statement	Item	Quality	Rating	QxR
Opportunity				
	O1	27	0,091	2,63
	O2	32	0,107	2,80
	O3	25	0,084	2,65
	O4	33	0,111	2,70
	O5	33	0,111	2,68
	O6	33	0,111	2,80
	O7	34	0,114	2,85
	O8	35	0,117	2,88
Sub-Total		252		2,332
Treaths				
	T1	24	0,080	1,88
	T2	22	0,074	1,68
		46	1,00	0,274
		298		2,606

Source: Data Processing Results

The management implication of this study is that the perpetrators of marine fish processing SMEs in Gresik Regency, East Java need to optimize the strength of the number of workers who are ready to work. In addition, it is easy to get suppliers, can use simple machinery/equipment and guaranteed product quality, raw material inventory and finished goods are stored in a safe place and avoid the risk of damage/expiration, experience calculating working capital costs, prices, and profits. Then the ability to administer finances, calculate the cost of working capital, prices, and profits. The product has a variety of flavors, packaging and sizes, and prices. It also provides convenience for consumers to transact such as goods delivered, telephone purchases, online, etc. In addition, SMEs need to seek more information about MSME empowerment programs from the central and regional governments, state-owned enterprises, universities and other parties that have an interest in improving the welfare of the community, especially the actors of marine fish processing SMEs in Tuban Regency, East Java. This is needed so that MSME players can take advantage of the opportunities in the form of facing a high level of business competition, the natural situation greatly influences production activities, has a relatively high

level of buyer bargaining power, has a relatively high level of supplier bargaining power, an increase in market share compared to the previous year, profit growth (profit) compared to the previous year, sales volume growth compared to the previous year, and an increase in customer satisfaction compared to the previous year.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

Marine fish processing SMEs in Gresik Regency, East Java will develop. This is because most business actors are male, young, and well educated. The level of ability to manage a business in SMEs in Gresik Regency and the level of achievement of marketing performance is good. The field of employee management, production, external business, marketing strategy, and performance. The level of employee management, production, external, marketing strategies and performance indexed 34 2.34, except for financial management activities indexed 34 2.34. The perpetrators of SMEs in the marine fish processing in Gresik Regency, East Java in conducting their business prioritize overcoming internal factors rather than external factors. This business development strategy model is S-O, which means optimizing the strengths that are owned to take advantage of opportunities.

Recommendation

This research can be input for further research on the research of the influence of internal and external business factors on SME marketing strategy and performance and the research of the influence of business development strategies on SME performance.

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