COMPETITIVENESS MODELING AND SWOT STRATEGY ANALYSIS FOR TOURISM INDUSTRY IN EAST JAVA

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Abstract: The objective of this research is to identify the internal and external conditions of the tourism industry in East Java and also to find out the appropriate competitiveness model for this industry. Indicators in the questionnaire are proved to be valid in measuring competitiveness. It is found that each indicator has a significant effect on competitiveness. Strategically, it is identified that internal and external conditions of the tourism industry have high strength and high opportunity for supporting the Indonesian economy. The result of the preliminary study shows that not many previous researches are discussing how to improve the competitiveness of the tourism industry in East Java.

Keywords: Competitiveness, Strategy, Tourism, Industry, SWOT

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Tourism is one of the potential sources of income other than gas, oil, and tax that can be used by the Indonesian government to improve people's welfare. The government has been diligently promoting the tourism industry to attract visitors to come by the tourist resorts. Cultural and natural commodities are sold at the resorts, and foreigners respond to them positively.

Tourism indeed has a high contribution to national development. Besides producing incomes and exchanges, tourism is also closely associated with foreign capital investment. Many tourists who come to Indonesia are individuals who later do business (Rani, 2014).

By having a variety of cultural and natural commodities, the Indonesian government is actually in a good position to solve economic problems because it can use and manage the incomes and exchanges produced by the tourism industry. Tourists come to many resorts to look for and enjoy the beauty of local culture and natural scenery. Their satisfaction on the nice trips to these resorts would give a good effect on the sustainability of tourism turnover. Payment made by domestic and foreign tourists during their visit would strengthen the reserve of exchanges, which later may be useful to improve people's welfare (Rani, 2014).

Indonesia has a vast territory with the support of many natural resources that are potentially available for processing and utilization. Besides, Indonesia is riched with cultural arts, customs, and historical legacies, and no less important is the beauty of natural scenery. Tourism is dependable to improve people's welfare and national development (Yoeti, 2008).

The tourism industry is considered capable of improving people's economy. Many sectors are making up this industry, which includes: a) marketing sector, b) carrier sector, c) accommodation sector), d) attraction sector, e) tour operator sector, f) miscellaneous sector, and g) coordinating (regulator) sector (Adawiyah and Iqbal, 2018). All these sectors bring a positive impact on the economy, which the manifestation includes the increase of Gross Domestic Product (GDP), the high contribution to capital investment, and the improvement in tax payment (Hakim, 2004). Such positive impacts have driven many countries in the world to develop the tourism industry as a main booster of the economy. One country that seriously manages the tourism industry to be the leading industry for economic development in Indonesia.

Indonesia is blessed with many tourist destinations that almost every domestic and foreign visitors recognize them. East Java Province is one of the provinces in Indonesia with a great number of tourist destinations that have attractions comparable to those in other provinces (Primadany, 2013). It is then understandable if many tourist resorts in East Java would compete intensively with one another, especially when they provide almost similar attractions.

Competitiveness analysis is done to obtain a description of the competitiveness position of the tourism industry in East Java, and the result of this analysis is used as a guide to constructing the competitiveness model of this industry. Both models and analyses imply the policies made by the relevant agencies in the favor of the tourism industry, especially when the agencies must take into consideration all indicators that determine competitiveness. The indicators are then used by the agencies to review the strength and weaknesses of any tourist resorts that make up Indonesia's tourism industry (Trisnawati et al., 2008).

Taking into account the above explanations, the researcher attempts to understand the internal and external conditions of the tourism industry in East Java and then find out the proper strategy to develop this industry. Therefore, the researcher feels necessary to determine which model and strategy have a significant effect on the competitiveness of the tourism industry in East Java.

LITERATURE REVIEW

Employee Performance (Human Resource)

Performance is an important factor that determines the feasibility of a business. Local autonomy could influence the performance of employees in certain businesses. As already stated in Law No.32/2004, local autonomy would enable local government to manage local issues for the favor of local people, and as the consequence, a local government must be able to fulfill the demand of the people through development and better public service (Ardi and Sukmasari, 2016).

According to Wexley dan Yukl (1977) in Sinambela (2012), performance is the implementation of the balance theory, which says that someone can produce optimum achievement if they get to benefit from what they do and there is an inducement that is fair and reasonable to them. In other words, optimum performance is achieved only if the employee feels the presence of fairness.

It was explained by Brahmasari and Suprayetno (2008), as quoted in Ikhsan (2016), that performance is an output of work done and completed by individuals using their competence and experience, and involving sincerity and time sacrifice. Therefore, the output of the work completed by an individual is called performance only if the output satisfies conditions, which include competence, experience, and others. There are three factors influencing performance, which respectively are individual (capability to work), work effort (sincerity to work), and organizational support (opportunity to work). Moreover, the performance also represents the achievement of organizational goals. The goals can take form as quantitative output, which is mostly in num-

bers, or qualitative products, such as creativity, flexibility, dependability, or other non-pecuniary things desired by the organization. Emphasis on performance could be for short term or long term and assigned to the individual, group, and organization.

According to Wirawan (2009), performance is determined by three attributes, namely work output, work behavior, and work-related personality. Each is explained as follows:
1) Work Output is the product of work, which can be tangible or intangible, but still measurable for its quantity and quality. Indicators for work output include production quantity, production quality, work precision, work speed, work accident level, number of product unit sold, profit level, customer satisfaction, resource efficiency, and effective task implementation.
2) Work Behavior is the behavior expected from employees when they are at work. Indicators for work behavior consist of being friendly to customers, behavior required by work procedure, behavior required by ethics code, behavior required by organizational rules, work discipline, work thoroughness, professionalism, cooperation, leadership at work team, and time utilization.
3) Work-related personality is the personality expected from employees when they do the work. Indicators of work-related personality comprise knowledge, skill, honesty, cleanliness, courage, adaptive skill, initiative, integrity, intelligence, handicraft, commitment, appearance, attitude toward work, emotional intelligence, enthusiasm, creativity, flexibility, focus, and responsiveness.

Responsible Marketing

Marketing is the main activity that must be done by a business if it wants to survive, develop, and produce profits. The function of marketing is to become a tip of the spear of a business to manage customers to give their income to the business. Therefore, what the marketer must do is to acquire customers and make them loyal. The success or failure of the achievement of the business goal depends on manager skills in various functions, such

as marketing, production, finance, human resource management, and others. Despite these functions, the manager is also required to combine those functions to keep the organization runs smoothly.

There are three responsibilities that the company must fulfill in balancing way together with stakeholders. These are economic responsibility, legal (or regulative) responsibility, and social responsibility (Post, 2002 in Hadi, 2014). Eklington (1997) who used the term "triple bottom-line – profit, people, planet" quoted in Hadi (2014), to explain that the company not only has economic responsibility to the stockholders but also social and environmental responsibilities because society and environment where the company belongs to are the part of stakeholders (Krisna and Suhardianto, 2016).

Social responsibility, which is renowned by the term Corporate Social Responsibility (hereafter called CSR), is a popular discourse among Indonesian businesspeople. Companies are required to disclose CSR in their annual financial statement or other press releases (Trisnawati, 2012). Historically, in general, companies only emphasize profits and do not care about anything beyond the company gate. The achievement of short-term profit often involves the destruction of the values of society, culture, and humanity that are always important in long term. For example, the destruction of forests in Kalimantan by timber companies has caused a landslide. Profit orientation is always the priority over reforestation. In the end, the government must do an intervention and put the companies under control. If the companies (business communities) have quite large capital reserves, strong leadership, and many initiatives, then they must bear higher social responsibility. European countries require the marketers that serve European markets to have eco-label, especially when their products took material from the forest. The procedure and requirements for getting an eco-label certificate are very strict. Indeed, some consumers wish for forest conservation for the welfare of people in the world (Dharmmesta, 2014).

Competitiveness

Competitiveness of a tourist destination is a concept that involves price differentiation that is

adjusted to exchange value movement, productivity rate of various components in the tourism industry, and another qualitative factor that influences the attractiveness of destination (Forsyth and Dwyer, 2009). Price competitiveness is the main component of the competitiveness of tourist destinations. Total prices (costs) paid by tourists include transportation fees from and to the destination, and costs spent at the destination, mainly for accommodation, tourist package service, food and beverages, entertainment, etc. Total prices would determine the decision of tourists whether they go to a certain destination or not (Dwyer et al., 2000).

Tourism competitiveness is associated with tourist expenses (Li et al, 2013). It was Ritchie and Crouch (2003), who asserted that one thing that makes a tourist destination becoming truly competitive is the capability of this destination to increase tourist expenses and to attract more visitors than competitor's destination, which in the end, it would improve tourism exchanges (Utami and Hartono, 2016).

Regarding Regulation of the Minister of National Education No. 41/2007 on Process Standard, competitiveness is defined as the capability to achieve better and more meaningful results in a faster way. Some capabilities are needed to produce competitiveness, such as (1) the capability to strengthen market share, (2) the capability to associate with the environment, (3) the capability to improve performance on a going basis, and (4) the capability to enforce the benefiting position (Putri and Purwanti, 2014).

According to Porter (1995) in Putri and Purwanti (2014), by taking reference from Competitiveness Theory, competitiveness is defined as the capability of a business in a certain industry to cope with various environments. Competitiveness is determined by or dependent on a relative resource that a company has, which is called competitive advantage. It was also said by Porter that competitiveness is associated with three conditions, namely (1) effectively increasing productivity and self-reliance, (2) improving economic capacity in regional economic context by increasing the number of the economic actor to stimulate economic growth, and

(3) believing that market mechanism is creating efficiency.

METHOD

Research is conducted within the East Java context because East Java is one of the provinces in Indonesia with a lot of tourist destinations. The focus of research is given on the tourism industry by the consideration that this industry has high competitiveness. Based on this arrangement, the definition of the research population would cover all tourist destinations in East Java.

Despite this definition of the research population, the researcher only selects 20 tourist resorts to represent the population. The sampling technique is saturation sampling. After applying this technique, the total number of research samples is the same as the total number of the population. The targeted respondent is employees at a tourist resort. The survey is conducted with the questionnaire, and the total number of employee who acts as the respondent is 20 employees.

Method of analysis involves factor analysis, regression analysis, and Strength-Weakness Opportunity-Threat (SWOT) analysis. Factor analysis is used to find out indicators that are validly measuring competitiveness. Regression analysis is implemented to understand the effect of the independent variable on the dependent variable, and this effect is used as guidance to construct the best competitiveness model. Strength-Weakness Opportunity-Threat (SWOT) analysis is conducted to determine the best strategy based on internal and external conditions of the tourism industry in East Java. Internal conditions are the conditions of employees that reflect the Strength and Weakness of the resorts where they work. The scores of internal conditions are calculated from the difference between total scores of Strength and those of Weakness. External conditions comprise Opportunity and Threat coming from outside the resorts. The scores of external conditions are obtained from the difference between total scores of Opportunity and those of Threat. Both total scores are then put on SWOT Graphic, which is depicted as follows:
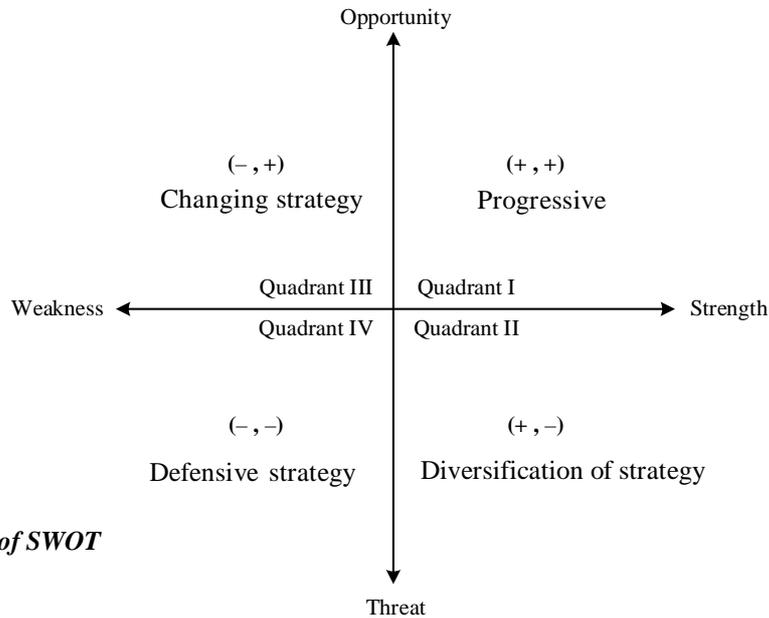
Figure 1   Graphic of SWOT

RESULTS AND DISCUSSION
Factor Analysis

Table 1   Result of Factor Analysis

Variable	Indicator	Factor Load
Employee (HR) Performance (X1)	Work Output (X1.1)	0.953
	Work Behavior (X1.2)	0.969
	Personality (X1.3)	0.952
Responsible Markting (X2)	Ethic Responsibility (X2.1)	0.922
	Legal Responsibility (X2.2)	0.939
	Social Responsibility (X2.3)	0.634
Competitiveness (Y)	Effective (Y1)	0.896
	Economic (Y2)	0.870
	Efficient (Y3)	0.812

Factor loads of all variables range from 0.634 to 0.969. Each factor load is more than 0.5, and it signifies that the indicators are quite good (valid) to be used in measuring competitiveness. Moreover, there are no indicators eliminated or expelled from competitiveness modeling.

Regression Analysis

Table 2   Result of Regression Analysis

Model	Regression Coefficient	t	p-value
1. Constant	0.870	2.778	0.007
2. Employee (HR) Performance (X1) $\rightarrow$ Competitiveness (Y)	0.259	5.994	0.000
3. Responsible Marketing (X2) $\rightarrow$ Competitiveness (Y)	0.538	6.883	0.000

Each variable produces a p-value $< \alpha$ (0.05), which, therefore, H_0 (hypothesis zero) is rejected. It can be said that there is a significant effect from either employee (HR) performance or responsible marketing on competitiveness.

The following is the result of the analysis of Strength-Weakness-Opportunity-Threat (SWOT) at MSEs in East Java Province.
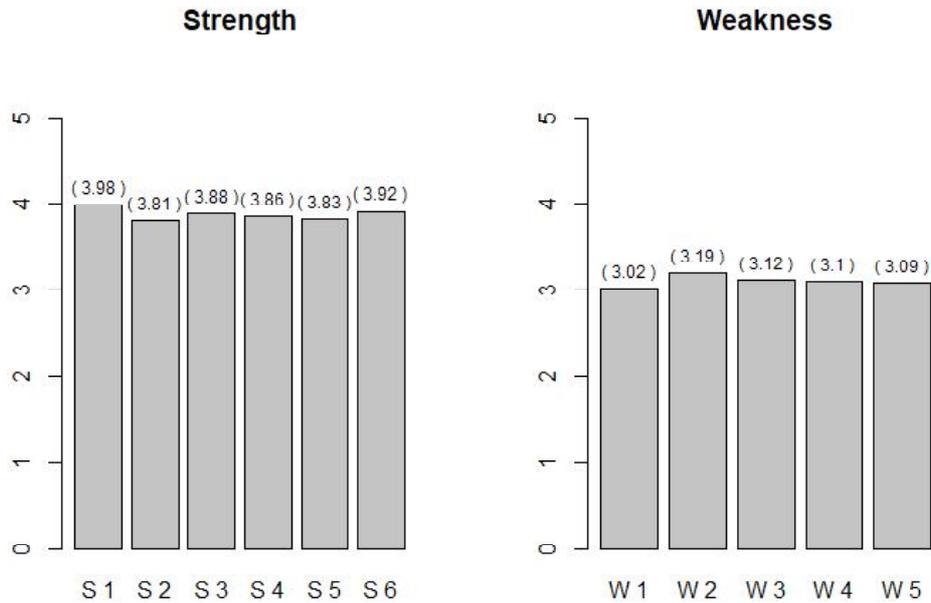
Strength

Weakness

Figure 2   Assessment of Internal Factors in East Java Province
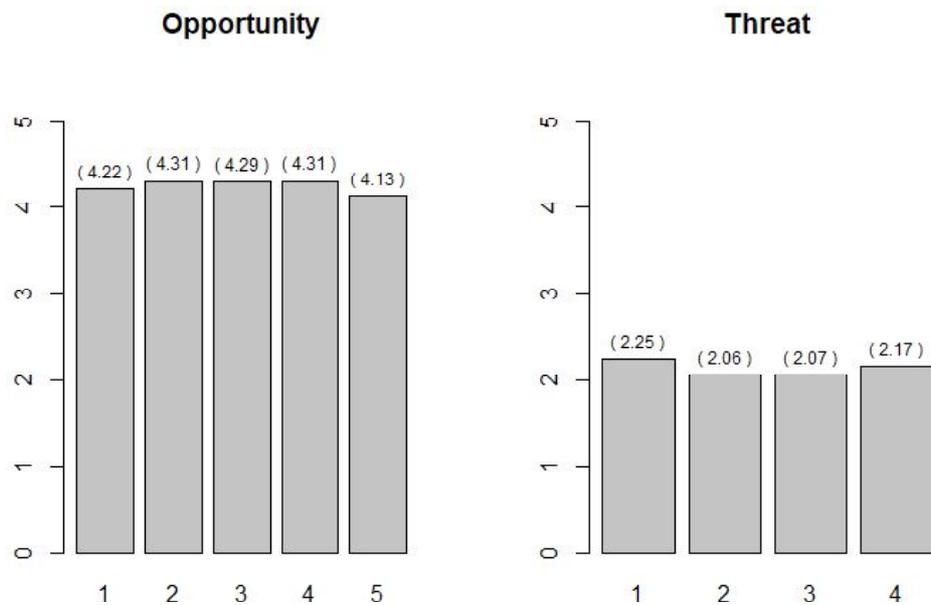
Opportunity

Threat

Figure 3   Assessment of External Factors in East Java Province

The results of the analysis in Figure 2 show that the indicators that are the strengths of MSEs in East Java Province have relatively high scores. The biggest strength indicator for MSEs in East Java Province is product quality (S1), with a score of 3.98. This shows that MSEs in East Java Province has quality products. On the other hand, the indicator for the weakness of MSEs in East Java Province which has the largest score is the scope of distribution (W2). This shows that MSEs in East Java Province has a major internal problem in the form of distribution scope for business development. In general, the condition of the indicators of the strength of MSEs in East Java Province is relatively greater than the weaknesses.

Figure 3 shows that indicators that are opportunities for MSE development in East Java Province have a relatively high score. The biggest opportunities are market share (O2) and technological progress (O4), with a score of 4.31. This shows that most MSEs in East Java Province has a large market share and advanced technology. On the other hand, indicators that pose a threat to MSEs in East Java Province have relatively low scores. The threat indicator with the highest score is a shift in public consumption (T1), with a score of 2.25. This shows that the shift in public consumption is the biggest threat to MSEs in East Java Province. In general, the conditions for the MSE opportunity indicator in East Java Province are relatively greater than the threat.
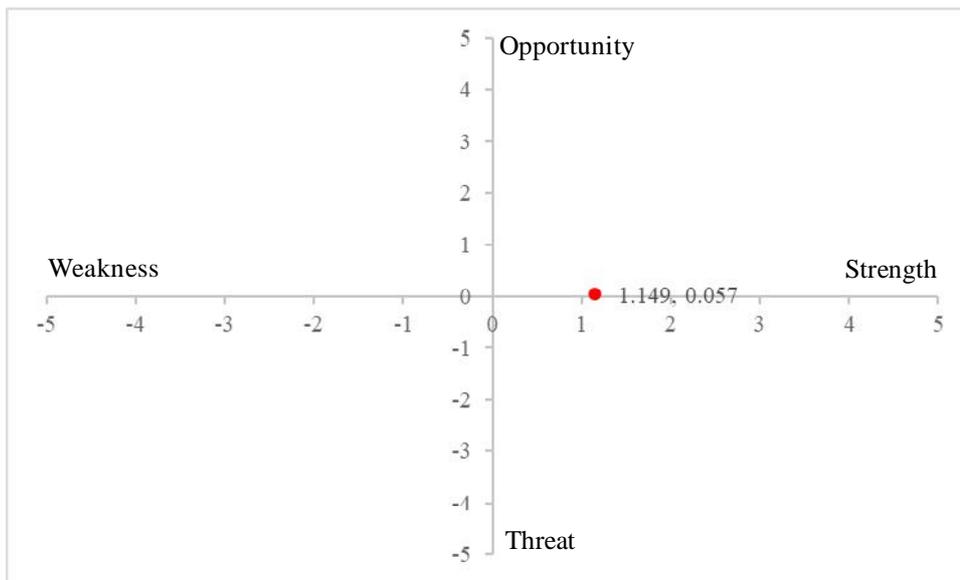
SWOT Analysis

Figure 4   Result of SWOT Analysis for Tourism Industry of East Java

The difference between scores for strength and weakness and scores for opportunity and threat is producing coordinate points (1.149; 0.057), which is located in Quadrant I. This position shows that the tourism industry in East Java has high strength and high opportunity. Based on this position, the recommended strategy is progressive. The tourism industry in East Java is highly competitive where each tourist resort is compelled to be expansive, advancing its growth, and reaching maximum progress.

CONCLUSIONS AND RECOMMENDATIONS

Conclusions

Indonesia is gifted with a vast territory and plenty of natural resources that are ready to be processed and utilized. The tourism industry is considered capable to improve people's economy by making prosper many sectors involved in tourism. East Java is one of the provinces in Indonesia with many tourist destinations. Some of these destinations are almost similar and therefore, there is a strict competition among them. The analysis should be conducted to identify the internal and external conditions of the tourism industry in East Java and also to find out the appropriate competitiveness model for this industry. A survey is conducted on employees in tourist resorts using a questionnaire containing measurement indicators. Three analysis techniques are used in this research, which respectively are factor analysis, regression analysis, and Strength-Weakness Opportunity-Threat (SWOT) analysis. Among the results is that indicators in the questionnaire are proved to be valid for measuring competitiveness. All indicators of variables have a significant effect on competitiveness. It is identified that internal and external conditions of the tourism industry have high strength and high opportunity for giving a contribution to the Indonesian economy.

Recommendations

Micro, Small & Medium Enterprises of Tourism Sector in East Java should prioritize Transglobal Leadership and Community Involvement, and also improve Professionalism and Global Intelligence to increase productivity and maximize their performance. It is always important to optimize the performance of the tourism sector in all regencies and cities of East Java Province. This optimization must take into account many criteria (aspects) because these criteria enable MSMEs of the Tourism Sector in building a synergy between their performance and responsible marketing. This synergy also facilitates these MSMEs in creating a comprehensive coordination framework. The less optimum criteria should be corrected while the already optimum criteria are empowered. Stakeholders must be given inputs on such criteria. Responsible marketing would be used by stakeholders, especially tourism entrepreneurs, as their strategic base model in developing sustainable tourist destinations. Price is the dominant indicator that measures the strength of the tourism sector. The reachable price becomes the main strength of MSMEs of the Tourism Sector in Malang City, Batu City, and Kediri City. Price is also an important aspect that allows MSMEs of the Tourism Sector to consistently develop what is called sustainable competitiveness (sustainable tourism).

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