The Achievement of Optimal Marketing Performance for SMEs in Indonesia Through Determination of Business Development Strategies

Supriadi Thalib[1],IhaHaryani Hatta[2]

[12]Fakultas EkonomidanBisnisUniversitasPancasila, Indonesia
Corresponding Author: Supriadi Thalib

Abstract*: SMEs in Indonesia still need to be developed, especially SMEs which process marine fish in Tuban Regency, Indonesia. Therefore a research on business development strategy model is needed to improve SME marketing performance through SWOT and EFE-EFI analysis which aims to find out the models and recommendations for the SME business development strategy.The study interviewed 40 SMEs entrepreneurs engaged in marine fish processing as random respondents. The results of the study explain that this business development strategy model is S-T. This means that these business entrepreneurs will optimize the strengths they have in order to deal with the existing obstacles. Therefore, the strategic recommendations for these SMEs include developing competitiveness and improving good relations with customers*
Keywords: *Business development strategy, SWOT &EFE-IFE Analysis*

I.   Introduction

MSME needs to get attention as it is a national struggle tool to grow and develop the economy by involving as many economic practitioners as possible based on their potential on the basis of justice for all stakeholders (Rio & Susilawati, 2016; 7).Tuban Regency is the regency in East Java Province with the largest number of SMEs processing fishery products. Businesses in the field of marine and fisheries in Indonesia have a good prospect to accelerate the improvement of their economy. The contribution of fisheries from year to year has increased. Indonesia has an opportunity to become the world's largest producer of fishery products.

According to Aldo (2015), business for achievement of optimal marketing performance in the long term requires a business development strategy that contains an analysis of various conditions around the business.According to Fandy and Gregorius (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. The company's strategy is always directed to produce good marketing performance (sales volume, sales growth rate, and market share). According to Ferdinand (2000) marketing performance is a factor that is often used to measure the impact of the strategy implemented by the company.

The study results by Arslan et al (2013), explain, among others, the impact of pre-job evaluation in assessing SWOT analysis appearing to be positive for effective strategic marketing planning.According to Rangkuti Freddy (2016), the tools used to formulate a business development strategy includes SWOT matrix,the evaluation of internal factors (IFE), and the evaluation of external factors (EFE).According to Dwi Fatimah FN (2016), SWOT analysis can show the *strength, the weakness,the opportunities, the threats* of a business.According to GomateshdanPoornima (2012), SWOT analysis method has been widely used as a toll for planning and analyzing strategic actions over the past decade. Accordingto DijanaOreski (2012), SWOT is an acronym of strength, weakness, opportunities, and threats. Accordingto NuradanGarba (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. The conditions 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 Xia Chan (2011), SWOT is carried out in the following steps. First, analyze business's external environments to find out strengths and weaknesses a business processes. Two, allocate external opportunities and threats with internal strengths and weaknesses. The results of IhaHaryani's research (2018), SWOT analysis can map the potential of an area that can be used as a CSR program of a company. Meanwhile, according to Rangkuti Freddy (2016), evaluation of internal factors (EFI) includes thestrenghts and the weaknesses (S and W). Whereas evaluation of internal factors (EFI) includes the strenghts and the weaknesses (S and W).

According to Joko et al (2015), internal factors include marketing, human resources, finance/accounting, production/operations etc, external factors include economic strength, social, cultural,

demographic and environmental strength, political power of government and law, technological strength, and competitive strength. So, before a strategy is implemented, strategic planning must analyze the external environment to find out various possible opportunities and obstacles.

Based on the above-mentioned matters, it is necessary to conduct a research on the achievement of optimal marketing performance for SMEs through determination of business development strategies, especially SMEs which process marine fish in Tuban Regency, Indonesia. The purpose of this research was to conduct a SWOT analysis, EFE and EFI in an effort to find out the conditions, the models and the recommendations for improving marketing performance by determining the SME business development strategy.

II. Methodology

The population used in this study is SMEs of marine fish processing in Tuban Regency, East Java. The sample used is 40 random SMEs of marine fish processing. Other primary data are in the form of interviews with officials of the Marine Service and 10 other SMEs. So that a more in-depth study discussion is obtained.

According to Rangkuti Freddy (2016), there are 4 alternative business development strategies based on the SWOT analysis (table 1), namely: S-O Strategy. This condition is very favorable, namely the system has good strengths and opportunities. The S-O strategy is developed based on the company's mindset, i.e. by utilizing all the strengths and opportunities as much as possible. The S - T Strategy has strengths but faces various threats. This strategy is developed using the strengths of the company to overcome threats. The right strategy is a diversification strategy, which uses power to take advantage of long-term opportunities. The results of research by Iha Haryani, et al (2018), the model for SME business development strategy in Sumenep Regency, Indonesia is the S-T Model.The W-O strategy 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 as to seize external opportunities better. The W - T Strategy has very unfavorable conditions. This strategy is based on activities that are defensive; try to minimize the existing weaknesses and avoid threats.

Table 1. Matriks EFE/EFI

EFI EFE	STRENGTHS (S)	WEAKNESSES (W)
OPPORTUNIES (O)	S–O Strategy The strategythat uses the strength for taking adventage of opportunities (O).	W–O Strategy The strategy that minimizes weaknesses (W) to take advantage of opportunities (O).
TREATHS (T)	S–T Strategy The strategy that uses the strength (S) to overcome threats (T).	W–T Strategy The strategy that minimizes weaknesses (W) to overcome threats (T).

Sources: Results of data processing.

III. Results and Discussion

Respondents for this study are 40 SME entrepreneurs of marine fish processing. The characteristics of the respondents are as follows: most respondents are women (82.5%). Most of these SME entrepreneurs are young, 70.0% of respondents are less than 50 years old, even 7.5% of those respondents are less than 30 years old. Most respondents have low education, 62.5% of respondents have no primary school education and graduated from elementary school. Most respondents (65%) are engaged in salted/dried fish business and fish smoking and drying. The small and medium-sized enterprises in marine fish processing in Tuban Regency do not need to be in legal entities. They have long been running SMEs in marine fish processing; most respondents (80.0%) have been in business more than 8 years and even 32.5% of these respondents have been working in the fish processing field for more than 18 years. All respondents in this study were business owners. Marine fish processing business in Tuban Regency is not yet labor intensive. About 95% of respondents employ 1-6 employees, even 67.5% of these respondents only have 1-3 employees.

The results of the study by Ifediora et all (2014), SWOT analysis however helped one of the two studied to advance in the face of growing challenges thereby leading to its stability and increased productivity. According to Alka Jain (2015), he explains that the SWOT model of thirukkural is a complete analysis model of any problems that an entrepreneur may have to face while starting a new business. In this study, the strengths that the SME entrepreneurs have in the marine fish processing in Tuban Regency include adequate inventory (S1), knowing the cost of working capital for production (S2), there are pricing and profit methods (S3), able to face competition from other businesses (S4), and easily obtained (S5).

The weaknesses that the SME entrepreneurs of marine fish processing have include lack of employee planning (W1), employee recruitment process as needed (W2), written task assignment (W3),

organization/coordination (W4), employee development (W5), inadequate wages/salary (W6), incentives (W7), other rewards (W8), lack of health insurance (W9), lack of clear working hours (W10), lack of work supervision (W11), lack of sanctions (W12), lack of machinery/equipment (W13), inconsistent work steps (W14), poor inventory (W15), no recording of any business transactions (W16), no computer assistance (W17), no business transaction documents (W18), there is no income and expenditure planning (W19), there is no separation between assets and debt of the business owner (W20), has not participated in financial report training (W21), has never borrowed money from a bank or financial institution (W22), money is not yet saved in the bank (W23), not always examine business finances (W24), not keeping up with technological developments (W25), there is no taste variation of the product (W26), there is no variation in packaging and size (W27), there is no quality raw material (W28), less attention to consumer health (W29), there is no variation in price (W30), there is no price list (W31), there is no transaction facility (W32), there is no promotional activity (W33), there are no promo offers (W34), and trademarks are not registered (W35), there is no profit growth compared to the previous year (W36), and there is no growth in sales volume compared to the previous year (W37).

The opportunities that the SME entrepreneurs have in Marine Fish Processing in Tuban Regency are: easy to get suppliers (O1), the natural situation is supportive (O2), the bargaining power of the buyers is relatively high (O3), the bargaining power of suppliers is relatively high (O4), and there is no support from the Regency Government (O5).

Challenges faced by SME entrepreneurs in the marine fish processing in Tuban Regency include lack of support from BUMN (T1), lack of support from other parties (T2), there is no increase in the percentage of market share compared to the previous year (T3), the absence of an increase in consumer satisfaction compared to previous year (T4).

Internal Factor Evaluation (IFE) Analysis is an internal environment analysis of SMEs consisting of two variables: strength and weakness variables. IFE score = 2.75 which consists of a strength score = 0.39 which is smaller than the weakness score = 2.36. This means that the SME entrepreneurs in managing their businesses have more strengths than weaknesses. IFE analysis can be seen in Table 3.

Table 3. IFE Analysis

No	Indicator	Weight (W)	Rating (R)	W x R
	Strength:			
1.	Number of inventory is adequate	0.02	3	0.09
2.	Knowing the cost of working capital for production	0.02	3	0.06
3.	There are pricing and profit methods	0.03	3	0.09
4.	Facing competition from other businesses	0.03	3	0.09
5.	Easily obtained	0.02	3	0.06
	Score	0.12		0.39
	Weakness			
1.	Employee planning	0.03	3	0.09
2.	Employee recruitment process as needed	0.03	3	0.09
3.	Task assignment in writing	0.02	2	0.04
4.	Organization/coordination	0.02	2	0.04
5.	Employee development	0.02	3	0.06
6.	Wage/salary	0.02	3	0.06
7.	Incentives	0.02	2	0.04
8.	Other rewards	0.02	3	0.06
9.	Health insurance	0.03	3	0.09
10.	Working hours	0.03	3	0.09
11.	Work supervision	0.02	3	0.06
12.	Sanction	0.03	3	0.09
13.	Availability of machinery/equipment	0.02	3	0.06
14.	Consistent work steps	0.03	3	0.09
15.	Inventory is good	0.02	2	0.04
16.	Recording of every business transaction	0.02	3	0.06
17.	Every business transaction with a computer	0.03	3	0.09
18.	There are documents for business transactions	0.03	3	0.09
19.	There is a plan for income and expenditure	0.02	2	0.04
20.	There is separation of assets and owner and business debt	0.02	2	0.04
21.	Participate in financial report training	0.03	3	0.09
22.	Borrow money from a bank or financial institution	0.02	3	0.06
23.	Saving money at the bank	0.02	3	0.06
24.	Always check business finances	0.02	2	0.04
25.	Keep up with technology	0.02	3	0.06
26.	There are variations in the taste of the products	0.03	3	0.09
27.	There are variations of packaging and size	0.03	3	0.09
28.	Good quality of raw materials	0.02	2	0.04
29.	Paying attention to the health of consumers	0.02	2	0.04

30.	Price variations	0.02	2	0.04
31.	Price list	0.02	2	0.04
32.	The availability of transaction facilities	0.02	2	0.04
33.	Promotional activities	0.03	3	0.09
34.	There are several promo offers	0.03	3	0.09
35.	Trademarks are registered	0.03	3	0.09
36.	There is a profit growth compared to the previous year	0.02	2	0.04
37.	There is a growth of sales volume compared to the previous year	0.02	2	0.04
	Score	0.88		2.36
	Total	1.00		2.75

Source: the results of data processing

External Factor Evaluation (EFE) Analysis is an external environment analysis of SMEs consisting of two variables: opportunities and challenges. EFE score = 2.77 which consists of an opportunity score = 1.50 which is greater than the challenge score = 1.27. This means that the SME entrepreneurs of marine fish processing in Tuban Regency have more challenges than opportunities in managing their businesses. See Table 4.

Table 4. EFE Analysis

No.	Indicator	Weight (W)	Rating (R)	W x R
	Opportunity			
1.	The ease of getting suppliers	0.12	3	0.36
2.	Affected by natural situations	0.12	3	0.36
3.	The bargaining power of the buyers is relatively high	0.07	3	0.21
4.	The bargaining power of the suppliers is relatively high	0.07	3	0.21
5.	There is support from the Regency Government	0.12	3	0.36
	Score	0.50		1.50
	Challenges			
1.	Support from the State-Owned Enterprises	0.13	3	0.39
2.	Other supports	0.14	3	0.42
3.	An increase in the percentage of market share compared to the previous year.	0.10	2	0.20
4.	An increase in customer satisfaction compared to the previous year	0.13	2	0.26
	Score	144		1.27
	Total	0.50		2.77

Source: the results of data processing

From Table 3 and 4, the information obtained is that the EFE score = 2.77 is greater than the IFE score = 2.75. This means that SME entrepreneurs in marine fish processing in Tuban Regency, East Java, put more priority on overcoming external factors rather than optimizing internal factors in running their business. Based on the weaknesses score = 2.36 which is greater than the strength score = 0.39. This means that the SME entrepreneurs in managing their businesses have more weaknesses than strengths. Based on the opportunity score = 1.50, which is greater than the challenge score = 1.27. This means that the SME entrepreneurs of marine fish processing in Tuban Regency have more opportunities than challenges in managing their businesses. Then the future business development strategy for SMEs of marine fish processing in Tuban Regency, East Java is a W-O strategy, which is a strategy to minimize weaknesses to take advantage of opportunities. So that the strategy recommendations for these SMEs include targeted promotions, more vigorous promotion by holding, following, or as sponsors at various events, promotion through printed media, and social networking media, and increasing sales networks. Muatasim and Norlena (2015), in their study explained that SWOT and EFE/IFE matrix is to analyze and investigate the implementation and adoption of e-Government in Oman using secondary data from statistical reports.

IV. Conclusion and Recommendations
SMEs in marine fish processing in Tuban Regency will survive and can develop, therefore it needs to be developed. This is due to the fact that most entrepreneurs are young, despite their low education. However, their business management skills and marketing performance achievement is medium. Their skills in employee management, finance, and external businesses, and marketing strategy implementation are medium, and their ability to manage production is low.

SME entrepreneurs of marine fish processing in Tuban Regency put more priority on overcoming external factors rather than internal factors. This business development strategy model is W-O, meaning that it is necessary to minimize weaknesses first in order to take advantage of opportunities. Therefore, the strategy recommendations for these SMEs include targeted promotion, more vigorous promotion by holding, following,

or becoming sponsors at various events, promotion through printed media, and social networking media, and increasing sales networks.

The central and regional governments, State-Owned Enterprises, universities and other parties have the interest in improving the welfare of the community, particularly the SME entrepreneurs of marine fish processing in Tuban Regency, East Java. The SME entrepreneurs need support to minimize their weaknesses in the followings: workers recruitment planning, workers search process based on needs, written task assignment, organization/coordination, workers development, inadequate wages, incentives, other rewards, lack of health insurance, lack of clear working hours, lack of job supervision, lack of sanctions, lack of machinery/equipment, inconsistent job steps, poor inventory, no recording of any business transactions, no computer assistance, no business transaction documents, no income and expenditure planning, no separation of assets and debts of business owners, not participating in financial report training, never borrowed money from banks or financial institutions, not saving money in the bank, not always checking business finances, not keeping up with technological developments, no taste variation of the products, no variety of packaging and size, lack of quality raw materials, lack of attention to the consumers health, the absence of variations in prices, the absence of price lists, the absence of transaction facilities, no promotional activities, no promo offers, trademarks not registered, no profit growth compared to the previous year, and there is no growth in sales volume compared to the previous year. Also the SME entrepreneurs need support to take advantage of opportunities by starting to implement workers searching processes according to needs, written task assignment, organization/coordination, workers development, other rewards, adequate machinery/equipment, records of each business transaction, income planning and expenditure, separation of owner and business assets and debts, borrowing money from banks or financial institutions, checking business finances, keeping up with technological developments, support from regency government, support from state-owned enterprises, other supports, variations in packaging and size, and price list.

References

[1]. Aldo Hardi Sancoko. 2015. Strategi Pengembangan Bisnis Usaha Makanan dan Minuman Pada Depot Time to Eat Surabaya. Agora 3 (1); 185-194.
[2]. Alka Jain. 2015. SWOT Analysis in Thirukkural: Comparative Analysis with Humphrey SWOT Matrix. IQSR Journal of Business and Management (IQSR-JBM) 7 (1) Ver. 2; 31-34.
[3]. Arslan Ayub, Adeel Razzaq, Muhammad Salman Aslam, Hanan Iftekhar. 2013. A Conceptual Framework on Evaluating SWOT Analysis as the Mediator in Strategic Marketing Planning Through Marketing Intelligence. European Journal of Business and Social Sciences 2 (1); 91-98.
[4]. Dijana Oreski. 2012. Strategy development by using SWOT-AHP. TEM Journal 1 (4); 283-291.
[5]. Dwi FatimahFajar Nuraini. 2017. Tehnik Analisa SWOT. Jakarta: Anak Hebat Indonesia.
[6]. Fandy Tjiptono dan Gregorius Chandra. 2012. Pemasaran Strategik. Yogyakarta: Andi Offset.
[7]. Ferdinand, Augusty, 2000. "*Manajemen Pemasaran: Sebuah Pendekatan Strategy*". Research Paper Series. No. 01 Program Magister ManajemenUniversitas Diponegoro (Maret).
[8]. Gary Dessler. 2016. Manajemen Sumber Daya Manusia. Jakarta: Indeks.
[9]. Gomatesh M. Ravanavar and Poornima M. Charantimath. 2012. Strategic Formulation Using TOWS Matrix- A Case Study. International Journal of Research and Development 1 (1); 2- 9.
[10]. Ifediora Christian Osita, IdokoOnyebuchi R, and Nzekwe Justina. 2014. Organizational's stability and productivity: the role of SWOT analysis an acronym for strength, weakness, opportunities, and threat. International Journal of Innovative and Applied Reseach 2 (9); 23-32.
[11]. IhaHaryani. 2018. Social Mapping For A Popular Economic Improvement in An Industrial Area. European Research Studies Journal, Vol. XXI, Issue 3; 143-154.
[12]. IhaHaryaniHatta, Tri Widyastuti, BambangSuprayitno. 2018. The Model For Developing SME Business Strategy in Indonesia. Internasional Journal of Business and Management Invention (IJBMI), Vol. 7, Issue 5, Ver. I, May; 19-24.
[13]. Joko Purwono, Sri Sugyaningsih, Rara Tama Putri. 2015. Strategi Pengembangan Bisnis Rumah Tempe Indonesia di Kota Bogor, Propinsi Jawa Barat. Jurnal NeO-Bis 9 (1); 60 – 71.
[14]. Kasmir. 2010. Pengantar Manajemen Keuangan. Jakarta: Prenadamedia Group.
[15]. Muatasim Anwar Ahmed Al Salmi dan Norlena Bt Hasnan. 2015. SWOT and TOWS matrix e-Government analysis review on Sultanate of Oman. International Journal of Learning & Development 5 (4); 13-23.
[16]. Nura Abubakar & Garba Bala Bello. 2013. Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis on Globacom Ltd. International Journal of Information Technology and Business Management 16 (1); 83-91.
[17]. Noga Collins-Kreiner and Geoffrey Wall. 2007. Evaluating tourism potential: A SWOT analysis of The Wester Negev, Israel. Review 55 (1); 51-63.
[18]. NuraAbubakar&GarbaBala Bello. 2013. Strengths, Weaknesses, Opportunities, and Threats (SWOT) Analysis on Globacom Ltd. International Journal of Information Technology and Business Management 16 (1); 83-91.
[19]. Rangkuti Freddy. 2015. Analisa SWOT: TehnikMembedahKasusBisnisAnalisa SWOT. Jakarta: GramediaPustakaUtama.
[20]. Rio F. Wilantara dan Susilawati. 2016. Strategi & Kebijakan Pengembangan UMKM. Upaya Meningkatkan Daya Saing UMKM Nasional di Era MEA. Bandung: Refika Aditama.
[21]. Sofjan Assauri. 2016. Manajemen Operasi Produksi. Pencapaian Sasaran Organisasi Berkesinambungan. Jakarta: Rajagrafindo Persada.
[22]. Xia Chan. 2011. A SWOT Study of the Development Strategy of Haier Group as One of the Most Successful Chinese Enterprises. International Journal of Business and Social Science 2 (11); 147-153.