

Strategic Planning for the Micro Business Sector in Poso Regency based on SWOT Analysis

Irma Mbae¹, Ni Kadek Sriwati², Timotius Garatu³, Tabita Rosmin Matana⁴

^{1,2,3,4}Department of Management, Faculty of Economics Sintuwu Maroso University, Indonesia

ARTICLE INFO

Article history:

Received Mar 30, 2023

Revised Apr 02, 2023

Accepted Apr 20, 2023

Keywords:

SWOT Analysis,
Micro Business,
Strategic Planning,
Business Strategy

ABSTRACT

Business actors in running their business need an effective and efficient business strategy. In addition to gaining competitive advantage, good strategic planning will be able to produce the right strategy to achieve the main business objectives. The MSME business is the main sector that the Indonesian economy supports and needs support and attention in its management so that the existing business cycle can be maintained and continues to run because of its very important role. This study aims to design a business strategy for micro enterprises in Poso Naya Bakery using the SWOT Analysis approach. Data was collected using observation methods, structured interviews and documentation. MSMEs need to do an analysis *strength, weaknesses, opportunities, threats* (SWOT) on their business activities so that these MSMEs can find out about their business developments and evaluate them.

This is an open access article under the [CC BY-NC](https://creativecommons.org/licenses/by-nc/4.0/) license.



Corresponding Author:

Ni Kadek Sri Wati,

Department of Management, Faculty of Economics,
Sintuwu Maroso University,
Jalan P. Timor No. 1, Kab. Poso, Sulawesi Tengah, Indonesia
Email: kadek@unsimar.ac.id

1. INTRODUCTION

The important role of MSMEs in national economic development in Indonesia has been proven since 1997-1998 where MSMEs were not affected by the crisis and were still able to stand firm. As many as 56.54 million units of business actors in Indonesia or 99.99% are MSMEs (Sarwono, 2015). After the economic crisis of 1997-1998, the number of MSMEs in Indonesia did not decrease but on the contrary continued to increase until now there are more than 65 million MSMEs spread across Indonesia. Throughout 2016 the data recorded that there were 61.7 million MSMEs in Indonesia. Furthermore, in 2017 there was an increase reaching 62.9 million. In 2018 the increase continued to reach 64.2 million MSMEs. This growth is expected to continue in 2019, 2020 and 2021 (Christy, 2021). The MSME sector shows the strength of a country's economic development, the level of innovation and entrepreneurial spirit in society, as well as the resistance of the national economy to various domestic and global shocks.

Micro, Small and Medium Enterprises (MSMEs) also play an important role as the basis for community economic development in Poso Regency. BPS data for Poso Regency (2021) shows that there has been a growth trend in the number of MSMEs in Poso Regency from 2017-2021 as many as 13,095 MSMEs spread across all sub-districts in Poso Regency.

Table 1. Number of MSMEs by District in Poso Regency, 2017–2021

Subdistrict	2017	2018	2019	2020	2021
Pamona Selatan	593	594	602	612	647
Pamona Barat	306	308	318	333	358
Pamona Tenggara	724	728	735	752	762
Pamona Utara	891	926	931	951	966
Pamona Pusalemba	835	887	907	950	1,015
Pamona Timur	481	520	535	547	554
Lore Selatan	124	152	156	173	175
Lore Barat	149	166	170	179	183
Lore Utara	170	172	185	200	212
Lore Tengah	85	85	90	102	105
Lore Timur	50	51	57	69	74
Lore Peore	167	181	191	206	209
Poso Pesisir	801	834	844	865	880
Poso Pesisir Selatan	379	391	401	424	429
Poso Pesisir Utara	203	239	254	272	292
Poso Kota	1,558	1,794	1,824	1,876	1,960
Poso Kota Selatan	628	1,353	1,373	1,446	1,524
Poso Kota Utara	1,360	1,451	1,469	1,504	1,557
Lage	1,117	1,149	1,159	1,174	1,193
	10,621	11,981	12,201	12,635	13,095

Source: BPS Kabupaten Poso, 2021

Based on Table 1, it is known that there are 5 Districts with a number of MSMEs over 1,000 units of business actors, namely Poso Kota (1,960 Units), Poso Kota Utara (1,557 Units), Poso Kota Selatan (1,524 Units), Lage (1,193 Units) and Pamona Puselemba (1,015 units). The potential of MSMEs owned by Poso Regency in terms of supporting the acceleration of the people's economy can be said to be quite large. MSMEs have great potential to absorb labor and contribute to the formation of gross domestic product (GDP). Therefore, MSMEs are one of the important elements of the economy that need to get support from the government and academics in terms of assessing the successful development of MSMEs.

Several factors determine the success of MSME development according to Bismala (2016) including human resources, capital, machinery and equipment, business management, marketing, availability of raw materials, and information in order to have global access. The success of a business can also be measured based on its ability to control the market, generate profits, own *brand image* known and so on (Cahyawati, 2020). MSMEs have the opportunity to become big and competitive if managed properly. Thus, strategic planning in determining the right business strategy is needed.

Pamona Puselemba sub-district as one of the five sub-districts that has the largest MSMEs in Poso Regency, has various types of community businesses including culinary, trading, tourism businesses, and so on. The bakery industry as part of the culinary business is a business sector that has bright prospects for the future. The existence of bread that people are starting to like makes bread business opportunities even more promising. The existence of a bakery business is of course inseparable from the level of market demand for bakery products. This condition encourages the scale of businesses engaged in the bakery business to become increasingly diverse, ranging from small scale or home industries, medium to large scale industries.

Naya Bakery as one of the SMEs in Tonusu Village, Pamona Puselemba District is a bread production business *home industry* which managed to seize the business opportunity, namely the public demand for bakery products. Even though it is still a home production scale, Naya Bakery's products are well known to the public and have regular customers around Pamona Puselemba District and in other Districts in Poso Regency. However, based on the results of initial observations, several problems were found in managing Naya Bakery's business, including revenue that was still below the set target, sales also tended to fluctuate depending on orders. If these conditions are not handled immediately, they will cause fatal losses and business setbacks. Therefore, one way that

can be done is to analyze the internal and external factors of Naya Bakery in order to obtain a business strategy that best suits the business conditions it faces.

Strategic Management

Strategic management is a series of managerial decisions and actions that determine the company's long-term performance. Strategic Management includes observing the environment, formulating strategies (strategic or long-term planning), implementing strategies and evaluating and controlling (Whelen, 2003 in Aslamiyah, 2021). Strategic management is a set of decisions and actions that result in the formulation and implementation of plans designed to achieve company goals.

SWOT analysis

Robinson and Pearce (1997) suggest that SWOT analysis is an important component of strategic management. SWOT analysis includes the company's internal factors that will produce a company profile while understanding and identifying the company's weaknesses and strengths. These strengths and weaknesses will be compared with external threats and opportunities as a basis for generating other options or alternatives. SWOT analysis can also be understood as a thorough assessment of Strengths (*strengths*), Weakness (*weaknesses*), Opportunity (*opportunities*) and Threats (*threats*) a company. This analysis is needed to determine how good the strategy is in the company (Kotler & Armstrong, 2008).

Rangkuti (2015) suggests that SWOT analysis is a systematic identification of various factors to formulate corporate strategy. This analysis is based on logic that can maximize strength (*Strength*) and chance (*Opportunities*), but simultaneously can minimize weaknesses (*Weakness*) and threats (*Threats*).

2. RESEARCH METHOD

2.1 Research Location

The research was conducted in Tonusu Village, Pamona Pusalemba District, Poso Regency.

2.2 Data Collection

This research is descriptive qualitative research with a SWOT approach. The qualitative method was chosen because this method is able to describe complex backgrounds and interactions, explore types of information, describe information, understand processes and obtain clarity of meaning from information obtained from business actors. Qualitative analysis of the interviews classified into strengths, weaknesses (internal conditions), opportunities and threats (external conditions). Research data collection techniques using direct observation (*direct observation*), a list of questions and interviews with business actors in August 2022.

The interviews were carried out using a semi-structured approach to business actors which were divided into two stages, namely open questions related to business profiles, business processes that have been carried out so far and the second stage was carried out through structured questions that had been prepared regarding business conditions and a summary of the financial statements of the business being carried out.

2.3 Data Analysis Technique

Data analysis in this study was carried out by identifying internal and external factors through the IFE and EFE Matrix and then using SWOT Analysis, namely analyzing business strategic factors which include strengths, weaknesses, opportunities and threats in current conditions (Rangkuti, 2015). Furthermore, the results of the SWOT analysis are compiled into a SWOT Matrix to determine four alternative strategies for Naya Bakery's business development. The model used in this study is as follows:

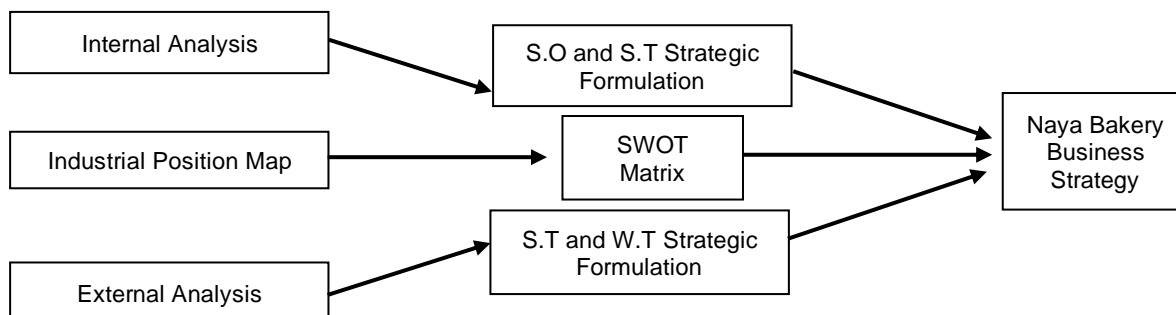


Figure 1. Research Model

3. RESULTS AND DISCUSSIONS

Naya Bakery was founded on May 27 2018 which started with Mrs. R. Tangkeda's hobby of making cakes and receiving orders for various kinds of cakes from the public for worship, parties, thanksgiving events and other events. The business, which initially only accepted orders around Tonusu Village, is now widely known by the community and has received orders throughout Pamona Puselemba District. Since its establishment, now Naya Bakery has more than 10 types of bread variants and several types *brownies* as well as a number of traditional cakes.

3.1 Analysis of Internal and External Factors of Naya Bakery

Internal factors are one of the important factors that need to be evaluated in preparing a strategic plan in a business strategy. This analysis is carried out in order to identify what factors influence the success and sustainability of the business in the long term. The following are factors that are evaluated based on internal factors.

Table 2. Matrix *Internal Factor Evaluation* (IFE) Naya Bakery

No.	Internal Factors	Weight	Rating	Weight Score
Strength (Strength)				
S1	Product diversity (variant, type) is quite a lot	0,07	3	0,21
S2	Ease of obtaining production raw materials	0,08	3	0,24
S3	Competing bread quality	0,08	3	0,024
S4	Social media pages are available for promotion and sales	0,015	3	0,045
S5	Customer loyalty around Tonusu Village	0,12	4	0,48
S6	<i>Brand Image</i> good in the market	0,11	4	0,44
S7	Adequate production facilities and infrastructure	0,020	3	0,06
S8	An affordable price	0,10	4	0,4
S9	There is a delivery service that makes it easy for consumers	0,022	3	0,066
Sub Total		0,617		2,181
Weaknesses (Weakness)				
W1	Manpower is still lacking	0,028	1	0,028
W2	Uncollectible receivables are quite high	0,035	2	0,24
W3	Management of financial management is not yet professional	0,10	2	0,2
W4	Promotion has not been effective	0,10	2	0,2
W5	High production costs	0,10	2	0,2
Sub Total		0,383		0,703
Total		1,0		2,884

Information:

- The rating related to the response is
 4 = Very good response 2 = Average response
 3 = Response above average 1 = Response below average
- The weights used in the IFE matrix are
 0,00 = It doesn't matter
 >0,00 – 0,15 = Less important
 >0,05 – 0,10 = Important
 >0,10 = Very important

Based on the IFE Matrix in Table 7 it is known that Naya Bakery has 9 types of strengths and 5 types of weaknesses. The data also shows that Naya Bakery has a greater strength weight than the weakness weight. This situation indicates that Naya Bakery has greater strengths than so it can minimize its weaknesses. Furthermore, in the IFE Matrix, multiplication between the weights and ratings is carried out to see the internal factor scores (strengths and weaknesses) with a total score of 2.884.

After evaluating the factors based on internal factors, next is an evaluation based on external factors. The following are factors that are evaluated based on external factors.

Table 3. Matrix *External Factor Evaluation* (EFE) Naya Bakery

No.	Internal Factors	Weight	Rating	Weight Score
Opportunity (Opportunity)				
O1	Changes in people's consumption patterns that make bread a complement to the menu in various ways <i>event</i> (thanksgiving, worship, etc.)	0,25	4	1
O2	The market opportunity for the bakery industry is high with a population of Pamona Puselemba sub-district	0,18	3	0,54
Sub Total		0,43		1,54
Threat (Threat)				
T1	There are similar businesses operating in the product marketing area	0,20	2	0,4
T2	Businesses can be imitated by competitors	0,22	2	0,44
T3	Inflation affects the price of raw materials, product prices and operational costs	0,15	1	0,15
Sub Total		0,57		0,99
Total		1,0		2,53

Information:

- The rating related to the response is
 4 = Very good response 2 = Average response
 3 = Response above average 1 = Response below average
- The weights used in the EFE matrix are
 0,00 = It doesn't matter
 >0,00 – 0,15 = Less important
 >0,05 – 0,10 = Important
 >0,10 = Very important

The EFE matrix in Table 8 above shows that Naya Bakery has 2 opportunities and 3 threats with a greater threat weight than the opportunities. Thus, this condition indicates that Naya Bakery must optimize as well as possible the opportunities it has to overcome sizable threats.

3.2 External Internal Matrix (IE Matrix)

Based on the data obtained from the calculation of the IFE and EFE Matrix, then the Internal-External Matrix (IE Matrix) is used to determine a business strategy that suits the conditions of Naya Bakery.

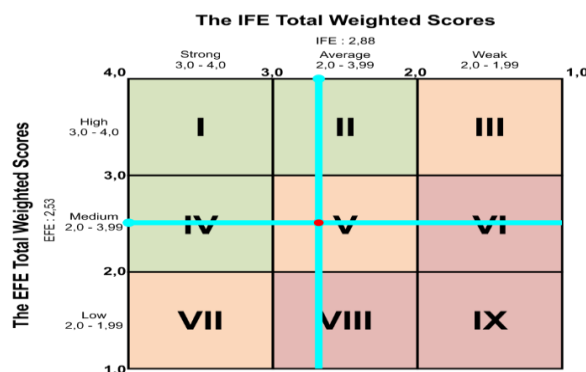


Figure 2. Internal-External Matrix

The results of the IE Matrix assessment for Naya Bakery obtained an IFE score of 2.88 and an EFE score of 2.53 which indicates a moderate position in quadrant 5 (Figure 2), namely the strategy of maintaining and maintaining (*hold and maintain*). The most appropriate strategy for this type is market penetration and product development (David, 2011).

3.3 SWOT Analysis Diagram

The next stage is to compare the external and internal factor scores in the SWOT Diagram to find out the business strategy quadrants. Based on the IFAS and EFAS matrices, it is known that the S-W score = 1.478 and the S-T score = 0.55 so that the coordinate points are obtained (1.478 : 0.55). The calculation results for each quadrant can be described as follows.

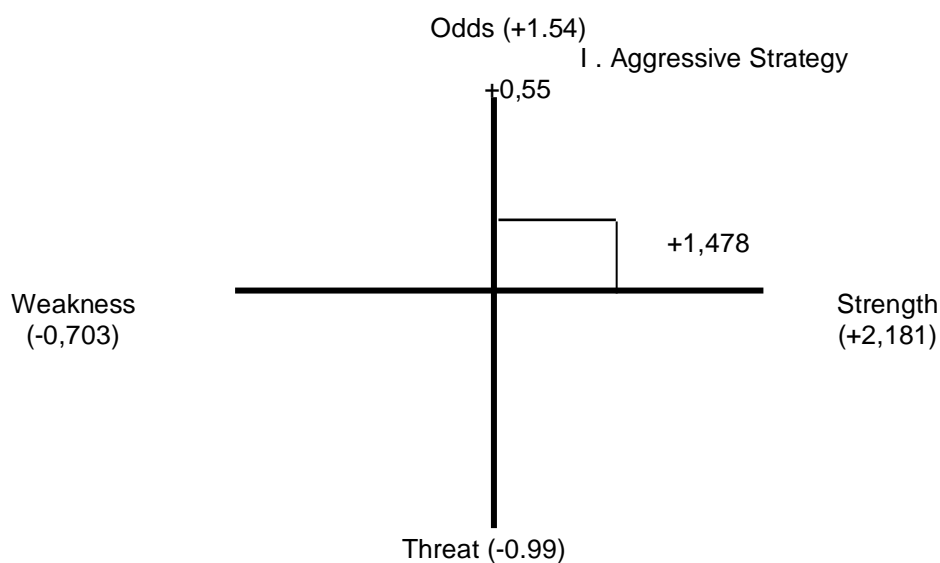


Figure 3. SWOT Diagram

Based on the SWOT diagram above, it is known that the current position of the business unit is in Quadrant I, namely supporting an aggressive strategy. Position is a favorable situation where Naya Bakery has opportunities and strengths to take advantage of existing opportunities. Under these conditions, the strategy that can be applied is to support an aggressive growth policy (*Growth Oriented Strategy*).

3.4 Analisis SWOT Naya Bakery

After identifying internal and external factors in the IFE and EFE matrices, the next step is to position these factors into the SWOT matrix.

Tabel 4. Matriks SWOT Naya Bakery

External Factors \ Internal factors	Strengths	Weaknesses
		<ol style="list-style-type: none"> 1. Product diversity (variant, type) is quite a lot 2. Ease of obtaining production raw materials 3. Competing bread quality 4. Social media pages are available for promotion and sales 5. Customer loyalty around Tonusu Village 6. <i>Brand Image</i> good in the market 7. Adequate production facilities and infrastructure 8. An affordable price 9. There is a delivery service that makes it easy for consumers
Opportunities	SO strategy	WO strategy
<ol style="list-style-type: none"> 1. Changes in people's consumption patterns that make bread a complement to the menu at various events (thanksgiving, worship, etc.) 2. The market opportunity for the bakery industry is high with a population of Pamona Puselemba sub-district 	<ol style="list-style-type: none"> 1. Increasing market share expansion by focusing on promotional activities both in Tonusu Village and in the Pamona Puselemba District area (S5, S6, S9, O1, O2) 2. Maintain product quality to increase customer loyalty (S1, S3, S5, O2) 3. Focus on production effectiveness to make superior products at affordable prices for consumers (S6, S7, S8, O1, O2) 	<ol style="list-style-type: none"> 1. Adding manpower to increase production volume as well as operational management and collection of receivables (W1, W2, O1) 2. Take advantage of large market opportunities for promotion and marketing (W4, O2)
Threats	ST Strategy	WT Strategy
<ol style="list-style-type: none"> 1. There are similar businesses operating in the product marketing area 2. Businesses can be imitated by competitors 3. Inflation affects the price of raw materials, product prices and operational costs 	<ol style="list-style-type: none"> 1. Maintain product quality and brand image to overcome similar businesses that become competitors (S1, S3, S6, T1) 2. Utilize raw materials and infrastructure effectively to produce high quality products at prices that consumers can afford (S2, S7, S8, T2, T3) 	<ol style="list-style-type: none"> 1. More professional management and cost management (W1, W2, W3, T3) 2. Identify competitors by approaching the nearest competitor (W1, W4, T1, T2)

As a series of analyzes from the previous stage, the matrix provides a clear picture of the internal strengths and weaknesses in the business unit combined with external opportunities and threats so that an alternative strategy formulation for the company can be produced. SWOT analysis provides four possible sets of business strategies (Seki & Armayana, 2021).

The SWOT matrix in Table 9 provides several alternatives that can be applied to the Naya Bakery business, namely:

a. Strategi S-O (Strength – Opportunities)

- 1) Increasing the expansion of market share by focusing on promotional activities both in Tonusu Village and in the Pamona Puselemba District area.
- 2) Maintain product quality in order to increase customer loyalty. Consumer loyalty to products is product consistency and quality that is maintained.

- 3) Focus on production effectiveness to make superior products at affordable prices for consumers. By using production facilities as much as possible and using good product cost calculations, the products produced will be in accordance with the economic capabilities of consumers.
- b. Strategi W-O (Weakness – Opportunities)
 - 1) Adding manpower to increase production volume as well as operational management and collection of receivables.
 - 2) Take advantage of large market opportunities for promotion and marketing. Promotions that Naya Bakery can take are optimizing their social media such as Facebook, Whatsapp, Instagram to reach more potential customers.
- c. Strategi S-T (Strength – Threats)
 - 1) Maintain product quality and *brand image* to overcome similar businesses that become competitors.
 - 2) Utilize raw materials and infrastructure effectively to produce high quality products at affordable prices for consumers.
- d. Strategi W-T (Weakness – Threats)
 - 1) Tightening management and more professional cost management. By implementing a professional management system, Naya Bakery also pushes the business it manages to the next level. Management here includes production planning, financial recording and reporting, sales planning and HR management.
 - 2) Identifying competitors by approaching the closest competitors. By knowing and studying competitors' products, Naya Bakery can find a better strategy than competing products.

4. CONCLUSION

This research has practical implications for various parties with an interest in the development of micro-enterprises, especially in Poso Regency through the Office of Cooperatives and Industry, as well as micro-entrepreneurs. So far, micro-entrepreneurs in running their business tend to carry out business activities in a simple manner so that they have difficulty moving up the class. Micro entrepreneurs also tend to be rigid in product development and market penetration so that the products they produce reach the decline phase more quickly. Naya Bakery's position in quadrant 1 indicates an aggressive/progressive strategy, namely utilizing strengths to optimize the opportunities it has. This condition indicates that the business is in good condition to carry out business development and achieve maximum profit. The results of this study also show that the potential for micro-enterprises to be developed in Poso Regency is very large so that it is necessary to provide guidance to business actors by the government. Because this study is still focused on micro-enterprises only, further studies of small and medium enterprises in Poso Regency are still needed to obtain a clearer picture regarding the most appropriate business strategy for MSMEs in Poso Regency in the future.

REFERENCES

- Aslamiyah, S. (2021). Ukm Jilbab Azky Collection Strategy Formulation To Increase Competitiveness During The Covid-19 Pandemic. *managerial*, 8(01), 102. <https://doi.org/10.30587/managerial.v8i01.2121>
- Bismala, L. (2016). Micro, Small and Medium Enterprises (MSMEs) Management Model to Increase the Effectiveness of Small and Medium Enterprises. *Entrepreneur and Entrepreneurship Journal*, 5(1), 19–25.
- Poso Regency BPS. (2021). *Poso Regency in Figures 2020*. Poso Regency BPS. <https://posokab.bps.go.id/publication/2021/02/26/4cfbe9fa11dc522ed3c1af06/kabupaten-poso-dalam-angka-2021.html>
- Cahyawati, A. N. (2020). Marketing Strategy Analysis of Umkm Bakery X Malang Regency. *Industrial Engineering Scientific Journal*, 8(2), 113–121. <https://doi.org/10.24912/jitiuntar.v8i2.6893>
- Christy, F. E. (2021). *Number of MSMEs in Indonesia*. Tempo.Co.

- <https://data.tempo.co/read/1111/jumlah-umkm-di-indonesia>
- David, Fred. 2011. *Strategic Management: Concepts*. Jakarta, ID: Salemba Empat.
- Freddy Rangkuti. (2015) *SWOT analysis*. Jakarta : PT Gramedia Pustaka Utama
- Hendrawan, H. (2021). SWOT and STP (Segmentation, Targeted, Position) Analysis of Digital Marketing Strategies for Micro Enterprises – Bunda Culinary. *Jkbm (Journal of Business and Management Concepts)*, 7(2), 127–138. <https://doi.org/10.31289/jkbm.v7i2.4505>
- Kotler, Philip; Armstrong, Garry, 2008. *Marketing Principles, Volume 1*, Erlangga, Jakarta
- Puspita Sari, D., Oktafianto, A., Soedarto, J., & Undip Tembalang, K. (2017). IENACO National Seminar-Business Strategic Determination Using SWOT Analysis and IFAS – EFAS Matrix on CV. DYNASTY. Business Strategic Determination Using SWOT Analysis And IFAS – EFAS Matrix At CV. DYNASTY, 238–245. <https://publishilmiah.ums.ac.id/xmlui/bitstream/handle/11617/8671/IENACO042.pdf?sequence=1&isAllowed=y>
- Pearce II, Jhon A. and Richard B. Robinson, Jr., "Strategic Management: Formulation, Implementation, and Control". The first edition, translated by Ir. Agus Maulana MSM., Jakarta: Binarupa Script, 1997
- Sarwono, H. A. (2015). Business Profile of Micro, Small and Medium Enterprises (UMKM). *Bank Indonesia And LPPI*, 1–135.
- Sekti, W. B., & Armayana, R. (2021). SWOT Analysis of the Marketing Strategy for Micro, Small and Medium Enterprises (MSMEs) of Guitar Industry Centers in Facing Covid-19. *Literacy: Journal of Multi-Perspective Islamic Studies*, 1(1), 49–70. <https://doi.org/10.22515/literasi.v1i1.3257>