

BUSINESS STRATEGY OF MAROS BARANDASI BREAD ON SMALL AND MEDIUM ENTERPRISES IN MAROS REGENCY OF SOUTH SULAWESI

Muhammad Ishlah Idrus

Lecturer Accounting Department, State Polytechnic of Ujung Pandang, Indonesia

Email correspondence: hadanah_77@yahoo.co.id

Abstract

Having a creative and unique business idea is a great capital in setting up a business. Especially when the competition is getting higher so that people who open a business are required to have unique and creative innovations to make consumers curious to buy. One of the fundamental reasons for the difference in business strategy planning between small and medium-sized businesses and large-scale enterprises is that the business strategy planning process of small businesses is much more informal than those of medium-scale and large-scale businesses. This study aims to determine the strengths and weaknesses, as well as opportunities and threats owned business Maros Barandasi Bread. In addition it identifies a viable strategy for Maros Barandasi Bread. The method used in determining business strategy in this research is using SWOT analysis approach. Based on the research result, it is found that Maros Barandasi Bread business policy strategy is located in quadrant I which is an aggressive strategy, so some strategies are feasible to be developed, among others corporate level, product development, marketing and other strategies that can improve business of Maros Barandasi Bread.

Keywords: Small and Medium Enterprises, Business Strategy, SWOT

1. Introduction

Small and Medium Enterprises (SMEs) in Indonesia is a business entity that greatly helps the economic growth of Indonesia. Nationally, SMEs have positions, potentials, and roles that are very important and strategic in order to realize the goals of national development in general and the purpose of economic development in particular. Based on these problems, SMEs need to develop a business strategy plan to survive. Strategic planning is focused on the formulation of business strategies in accordance with the situation and conditions of SMEs so that in running the business process is not deviated and can run according to the initial goal of SMEs.

One of the basic reasons for the difference in business strategy planning between small and medium-sized businesses and large-scale enterprises is that the business strategy planning process of small business is much more informal than that of medium-scale and large-scale businesses, in addition to the fundamental differences lie on the relationship between the worker and the owner in which the small business leader does not need to consider the interests of stakeholders because he also acts as the owner and the main stakeholder of the company. Several small businesses in Maros Regency have made considerable progress, so these small businesses have the potential to be developed. This is reflected in the increase in the number of business units, labor, and the development of types and products of small businesses in the area (Department of Cooperatives, SMEs and Trade Maros Regency, 2016).

One type of small business that has made good progress is in the bread industry. This research was conducted on Maros Barandasi Bread as one of the small business in bread industry in Maros Regency engaged in bread

production. From its inception in 2013 to the present day, it concentrates on bread production and then sells it on its own. In accordance with Law no. 20 Year 2008 Maros Barandasi Bread is still classified in a small business because it has a turnover of sales per year less than Rp 2.500.000.000,00. Its marketing reach until 2017 is only in Maros County region with market segmentation from children to parents. The objective to be achieved in this research is to know the strengths and weaknesses and opportunities and threats owned by Small Medium Enterprises of Maros Barandasi Bread. In addition, it determines a viable business strategy on Maros Barandasi Bread business in Maros regency of South Sulawesi.

2. Review of Literature

Medium Enterprise is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or a branch of a company owned, controlled, or becomes part directly or indirectly with a Small Business or a large business with a net worth or annual sales results as stipulated in Law no. 20 year 2008. The characteristics of small and medium enterprises include stand-alone management, self-provided capital, local marketing area, small corporate assets and limited number of employed employees.

A key element in marketing strategy is the marketing mix. Marketing mix is a mixture of marketing variables that can be controlled, can be used by a company to obtain the desired sales level. The marketing mix consists of 4 main elements known as 4-P is Product, Price, Place and Promotion. Products are anything that can be offered in the marketplace to get the attention of the demand, usage, or consumption that can meet the needs and wants which include physical objects, services, people, and place of organization or idea. Based on the definition, the product referred to only physical objects, but also others such as services, ideas, places and others. In order to successfully market goods or products every company must set the price appropriately and competitively. Price is the only element of the product mix that is the major contributor to income or highest income for the company. Price is also a flexible marketing mix element which means it can be changed according to need.

The place in the marketing mix is usually called the distribution channel. Once the goods are made and ready to be marketed the next stage is to choose a distribution channel. Companies need to choose the right distribution channel, because the distribution channels are too long resulting in more and more links involved, resulting in higher and greater cost burden. The effort to inform the product is done with a business called promotion. Promotion is persuasive communication, invite, persuade and persuasive communication to lead to a level of exchange in marketing. Promotion can be done through advertising methods, personal selling, sales promotion and publicity. The ways that can be done in the promotion of advertising, personal selling, publicity and sales promotion.

Funds in the company can be obtained from various sources of funding, both internal fund sources and external fund sources include a) own capital, is a number of property owners who participated in conducting business activities company. The capital will later be taken into account to receive profit and bear losses in the business activities if the loss; b) short-term loan is a credit with a maximum period of 12 months; c) medium-term debt is a type of debt with a term of between 1-5 years; d) long-term loan with a term of five years or; e) other legitimate funding sources, such as venture capital, and others.

Pearce and Robinson (2014) explain that strategic management is defined as a set of decisions and actions that result in the formulation and implementation of plans to achieve corporate objectives. Based on the opinion of the experts can be concluded that strategic management is a process of management within a company useful in formulating cross-functional decisions that produce strategies to achieve the goals set. The internal environment consists of the variables of organizational structure, culture, and resources within the organization but usually not in short-term control of top management. According to Gupta (2013) external environmental factors may include macroeconomic issues, technological change, legislation, and socio-cultural change, as well as changes in the market or competitive position. The nature of an industry's competition can be seen as a combination of five forces.

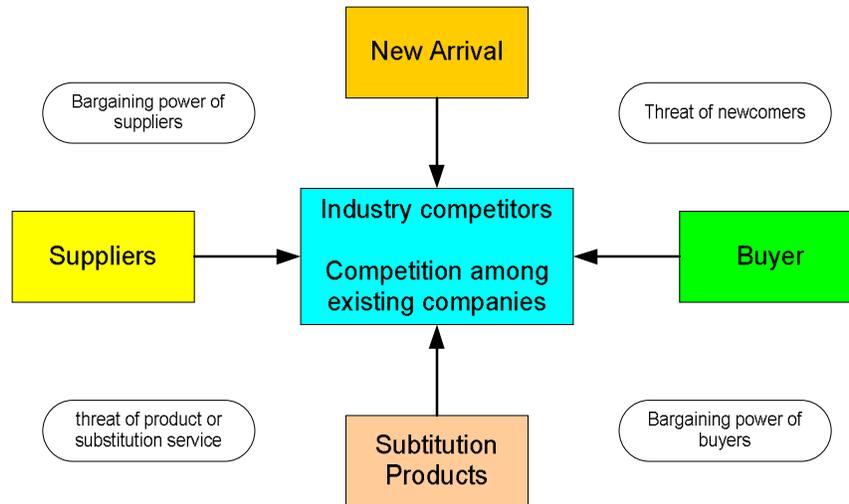


Figure 1. Strengths Affecting Industrial Competition

All organizations have strengths and weaknesses in the business functional areas. No firm is as strong or weak in all areas of the business. Internal strengths / weaknesses, coupled with external opportunities / threats and clear mission statements, form the basis for goal setting and strategy. Goals and strategies are set with the intention of harnessing internal strengths and overcoming weaknesses (David, 2015). Strengths are resources, skills, or other advantages related to the company's competitors and market needs that can be served by the company that is expected to be served. One of the weaknesses of small businesses according to Gupta (2013) is that it is difficult to reach potential customers to build a successful customer base. One small business opportunity according to Gupta (2013) is the government provides many opportunities for small businesses. The government has established many policies and financial institutions to help small businesses. One of the threats of small businesses according to Gupta (2013) is the slow payment.

According to Thamrin (2017), Sparta SWOT analysis is currently more suitable for small businesses with little understanding of SWOT analysis. Sparta SWOT analysis incorporates eight SWOT analysis steps into three step analysis, where the strategists only take about 15 minutes to complete the environmental analysis, compared with manual SWOT analysis. Sparta SWOT Analysis is able to map the condition of SMEs into categories S, W, O and T. Corporate strategy is the choice of guidance for the company as a whole. This strategy is suitable for all companies, whether small companies, companies that produce single products, or multinational companies. The corporate strategy includes decisions about the flow of financial and other resources of the company's product line and business units.

3. Methods

Analytical technique in this research is descriptive qualitative analysis using SWOT analysis where there is Matrix of Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE). IFE and EFE matrices answer questions from the first problem formulation of what are the strengths and weaknesses, as well as the opportunities and threats of the Maros Barandasi Bread. IFE matrix is used to find out the internal factors of the company regarding the strengths and weaknesses that are considered important. Sources of data used in this study are primary data and secondary data. Primary data in the form of interview result, and secondary data that is result of observation in the form of data of internal environment factor and external environment factor Maros Barandasi Bread. Qualitative data in this research is obtained from observation, interview, questionnaire and other supporting books such as the result of internal factor identification in the form of data from marketing aspect, finance, production and human resources and external factor of environment concerning economic, social, culture, demography, markets, and other external data.

The method is used to provide an assessment of the weights of any internal and external key factors. Purwanto (2006) explains the scale used for column filling 1 = If the horizontal indicator is less important than the vertical indicator, 2 = If the horizontal indicator is equally important from the vertical indicator, and 3 = If the horizontal indicator is more important than the vertical indicator. Horizontal indicators and vertical indicators are the strength and weakness variables on the internal environment factors of Maros Barandasi Bread as well as the variables of opportunity and threat on the external environmental factors of Maros Barandasi Bread. This method compares in pairs between the two factors relative to the importance or influence on the industry in which the company is located. Assessment of IFE matrix ratings for strength and weakness factors using a rating scale of 1 to 4. Scale 1 means small weakness and scale 4 means principal strength. While the value of rating on EFE matrix for opportunity factor is positive that is with scale 1 to 4. Scale 1 mean = less company response to opportunity factor and scale 4 mean, company response is very high to opportunity factor. Then for the threat factor is the opposite of the probability factor, where scale 1 means the company's response is very high, and the 4th time means the company's response to the threat factor (Rangkuti, 2015).

The IE matrix will answer the question of the second problem formulation of what is the right strategy for the Maros Barandasi Bread business. The use of this matrix is to obtain a more detailed business-level business strategy. IE (Internal-External) matrix positioned the various divisions of an organization in nine cell views. The IE matrix is based on two key dimensions, the IFE weight score is placed on the X axis and the EFE weight score is placed on the Y axis of the IE matrix. The QSPM matrix will answer the question of the second problem formulation of what is the right strategy for the Maros Barandasi Bread business. The QSPM matrix is used to evaluate and select the best strategy that best matches the external environment and internal environment owned by Maros Barandasi Bread. The alternative strategy that has the greatest total value in this matrix is the best strategy to apply to Maros Barandasi Bread. QSPM analysis is an end-stage analysis used in determining the priority options of some strategic alternatives.

4. Result and Discussion

Internal Environment Analysis on Maros Barandasi Bread is related to strengths and weaknesses that include marketing, finance, human resources and production factors. Managing marketing activities on Maros Barandasi Bread is related to the marketing mix, which includes: product, price, distribution / marketing area and promotional activities. Maros Barandasi Bread Products include types of consumable goods that can be consumed at any time. The types of breads produced include sweet breads that have a prominent sweet taste, soft textured and given contents made from the basic ingredients of brown sugar and coconut milk, which is called rich with similar to jam. Maros Barandasi Bread not only sells bread but also sells cakes with different flavors, shapes and sizes, namely sponge cake, brownies, donuts, and traditional cakes such as jalangkote, and panada. From various kinds of products sold this can be a force for Maros Barandasi Bread. Based on interviews with owners of Maros Barandasi Bread price fixing on Maros Barandasi Bread products based on the cost by setting a profit of 50% for bakery products and 30% for cake products. So the price for this bread product tends to be more expensive than its main competitor.

Based on the interview with the owner of Maros Barandasi Bread indicates that Maros Barandasi Bread distribution channel is only one that is direct selling to consumers. Usually the consumers come directly to the location of Maros Barandasi Bread. Despite being in a strategic location, but the business of Maros Barandasi Bread does not provide parking space for its consumers. The marketing area is still in Maros Regency. This business does not yet have a section specifically addressing marketing activities, such as distribution and promotion sections. This is a weakness for Maros Barandasi Bread. Based on the results of interviews with the owner and sales section of Maros Barandasi Bread show that in marketing their products, promotional activities undertaken by the Maros Barandasi Bread is the word of mouth by making personal sales and sales promotion. For personal sales is done through the acceptance of orders for social gatherings, recitation, thanksgiving, or wedding events. As for sales promotion, done by giving a member card to the local transport driver.

Funds in a company are obtained from various sources both internal and external sources of funds. These funds will then be used to run the business. Capital has an important role and is always needed as a first step to establish a business. Similarly, the owner of Maros Barandasi Bread, also requires initial capital to establish such business. Financial management on Maros Barandasi Bread includes: Source of funds, liquidity and solvency. Based on interviews with the owner of Maros Barandasi Bread indicates that the initial capital used to establish the Maros Barandasi Bread business comes from personal savings (internal funding sources). In terms of financial arrangements, Maros Barandasi Bread still uses simple financial reporting, every time any purchases or sales of products are still deemed manually by manual bookkeeping. So the percentage of increase or decrease in profit from year to year cannot be known with certainty. This is a weakness for Maros Barandasi Bread.

Human Resources (HR) is a central factor in an organization. Whatever its form and purpose, the organization is made on the basis of various visions for the benefit of humans and in the execution of its mission is managed and administered by humans. Thus, human beings are a strategic factor in all activities of an organization. Furthermore, managing human resources means organizing and managing human resources based on the company's vision to achieve optimum organizational goals.

Table 1. Matrix Analysis Internal Factor Evaluation (IFE)

| No. | Internal Environmental Factors | Weight | Rating | Score |
|-----|-----------------------------------------------------------------------------------------------------------------|--------------|--------|--------------|
| 1. | Strenghts | | | |
| | a. The quality of the product is superior because it prioritizes products that are always fresh to the consumer | 0,060 | 4,00 | 0,241 |
| | b. The quality of raw materials conforms to Indonesian standards | 0,050 | 3,25 | 0,163 |
| | c. The types of products diverse and vary | 0,049 | 3,25 | 0,161 |
| | d. Strategic location | 0,052 | 3,00 | 0,155 |
| | e. Using your own capital | 0,045 | 3,00 | 0,134 |
| | f. Healthy business liquidity level (current ratio of at least 200%) | 0,049 | 3,50 | 0,173 |
| | g. A healthy business solvency level (asset to debt ratio of at least 100%) | 0,053 | 3,25 | 0,171 |
| | h. Use of membership cards for local transport drivers | 0,046 | 3,00 | 0,138 |
| | Total | 0,404 | | 1,336 |
| 2. | Weakness | | | |
| | a. Determination of the qualification of a person to occupy a position based on the wishes of the owner | 0,049 | -2,00 | -0,099 |
| | b. The average wage rate is still below the UMR | 0,057 | -1,50 | -0,086 |
| | c. Limited capital | 0,049 | -1,75 | -0,085 |
| | d. The use of technology is still limited | 0,055 | -1,75 | -0,096 |
| | e. Limitations of human resources abilities and skills possessed | 0,046 | -1,50 | -0,069 |
| | f. The resulting flavor is relatively the same from the competitors | 0,048 | -1,75 | -0,084 |
| | g. The product has a fast expiration rate | 0,047 | -2,00 | -0,094 |
| | h. No product labeling and PIRT number | 0,053 | -1,50 | -0,080 |
| | i. The price offered is relatively the same from its competitors | 0,046 | -1,75 | -0,080 |
| | j. No parking space | 0,050 | -1,50 | -0,076 |
| | k. Promotional activities are still simple | 0,047 | -2,00 | -0,093 |

| No. | Internal Environmental Factors | Weight | Rating | Score |
|-----|--------------------------------------|--------------|--------|---------------|
| | 1. Simple financial reporting system | 0,049 | -1,50 | -0,074 |
| | Total | 0,596 | | -1,014 |
| | Grand total | 1,000 | | 0,322 |

Table 2. Matrix Analysis External Factor Evaluation (EFE)

| No. | Internal Environmental Factors | Weight | Rating | Score |
|-----|-----------------------------------------------------------------------------------------|--------------|--------|---------------|
| 3. | Opportunity | | | |
| | a. Maros regency's economic growth rate increased | 0,068 | 3,50 | 0,238 |
| | b. The economic structure is getting better | 0,077 | 3,25 | 0,250 |
| | c. Low inflation rate for finished food commodities, beverages, cigarettes, and tobacco | 0,056 | 3,25 | 0,181 |
| | d. Increasing food demand along with population growth | 0,066 | 3,00 | 0,199 |
| | e. Traditions of homecoming (Eid, Christmas and New Year) | 0,076 | 3,75 | 0,284 |
| | f. The bargaining power of a weak buyer | 0,069 | 3,00 | 0,206 |
| | g. Number of suppliers and low switching costs | 0,064 | 3,50 | 0,223 |
| | h. Consumer habits to eat on the way | 0,064 | 3,25 | 0,207 |
| | Total | 0,538 | | 1,787 |
| 4. | Threats | | | |
| | a. Population expenditures for non-food groups increased | 0,063 | -2,25 | -0,142 |
| | b. The high competition in the bread business | 0,071 | -1,75 | -0,124 |
| | c. Ease in starting a bread business | 0,071 | -2,25 | -0,161 |
| | d. Ease in differentiating bread products | 0,066 | -2,25 | -0,148 |
| | e. Inflation rate fluctuates | 0,055 | -2,50 | -0,137 |
| | f. Number of substitution products | 0,069 | -2,25 | -0,154 |
| | g. Brand competitors first known by the public | 0,067 | -3,00 | -0,217 |
| | Total | 0,462 | | -1,083 |
| | Grand Total | 1,000 | | 0,704 |

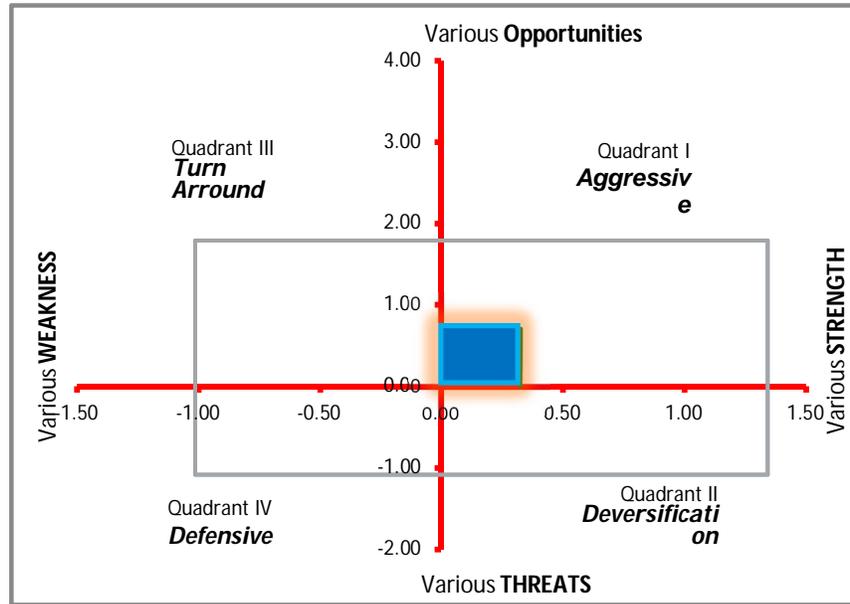


Figure 2. SWOT Matrix 4 Quadrant of Barandasi Bread Business Position (Rangkuti, 2015)

Based on the calculation using SWOT analysis, it is stated that the business strategy in running Maros Barandasi Bread is in quadrant I which states that it is included in the aggressive category so that it has good and feasible capability to be developed in terms of market penetration, corporate level, product development and other things that are able to provide the bread business development. Market penetration in question is looking for a larger market share of products or services that already exist now and the development of the product in question is the innovation of bread produced products. Based on the results in terms of business level strategy, a viable strategy for product development is a cooperative strategy. Maros Barandasi Bread can do value-chain partnership (VCP). This strategy is a business-level cooperation to form alliances with interested parties such as raw material suppliers and local transport drivers, to create competitive advantage.

Marketing strategy that can be done by Maros Barandasi Bread is marketing mix 4P (product, price, place, and promotion) for product development. In terms of product, Maros Barandasi Bread can make various flavors of Maros Bread products. In terms of price, pricing is based on product cost. In terms of place, Maros Barandasi Bread can expand its marketing area to other areas. And in terms of promotion, Maros Barandasi Bread can use social media as a media campaign. The financial strategy that Maros Barandasi Bread can make is to use equity financing, and make periodic financial statements to determine the increase or decrease in profits generated. Operation strategy that can be done by Maros Barandasi Bread is Job shop. This strategy is one type of production using skilled labor. Human Resource Strategy (HR) that can be done by Maros Barandasi Bread is to recruit their own workforce without using outsourcing in order not to increase expenditure from Maros Barandasi Bread.

5. Conclusion

Based on the results of the analysis and discussion that has been done, the conclusion that can be drawn from this research is a decent corporate-level strategy for Maros Barandasi Bread is a stability strategy in the form of product development strategy. A viable business-level strategy for Maros Barandasi Bread is a cooperative strategy. Maros Barandasi Bread can perform strategic alliances in the form of value-chain partnership (VCP). Then the appropriate functional strategy for Maros Bread in marketing is the marketing mix of 4P (product, price, place, and promotion), in finance is to use equity financing, and make periodic financial statements, in the field of operations can use the job shop strategy. In the field of Human Resources (HR) Maros Barandasi Bread can recruit their own desired workforce. While the recommendations in

accordance with the results of the study is to expand the production site and increase the number of modern equipment to increase production capacity, improve the recruitment patterns in order to improve the quality of human resources, and make additional capital and create a variety of rich taste (bread stuff Maros) as an alternative product development strategy.

References

- David, Fred.R. 2015. Strategic Management: Concepts. Edition Twelve. Salemba Empat. Jakarta.
- David, Fred.R. 2016. Strategic Management: A Competitive Advantage Approach. Fifteenth Edition. Salemba Empat. Jakarta.
- Maros District Cooperative, SME and Trade Office. 2016. Profile of Micro, Small, Medium Enterprises. Maros. South Sulawesi.
- Directorate of institutional and course development. 2010. Book 4 Small Business Management.
- Gupta, Tanya. 2013. Swot Analysis of Small Scale Industries in India. International Journal of Management and Social Sciences Research (IJMSSR).
- Hunger, J. David & Thomas L Wheelen. 2005. Strategic Management. Issue 5. Publisher Andi. Yogyakarta.
- Pearce II., Jhon A, and Richard B. Robinson. 2014. Strategic Management: Formulation, Implementation, and Control, Issue 12, Translation by Nia Prantika Sari, 2014, Salemba Empat, Jakarta Selatan
- Government Regulation no. 20 Year 2008 on Micro, Small and Medium Enterprises.
- Purwanto, Djoko. 2006. Business Communication. Jakarta: Erlangga.
- Rangkuti, Freddy. 2015. SWOT Analysis: Dissecting Business Case Technique. Publisher PT Gramedia Pustaka Utama. Jakarta.
- Strategic Plan of the Ministry of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia 2012-2014.