Analysis of Business Development Strategies for know Small Business in Kediri

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ABSTRACT: This research is motivated by the fact that internal and external factors in a business are important components in the development of small businesses in rural areas. The main objective of this study was to determine the internal factors that became strengths and weaknesses and external factors that became opportunities and threats in small businesses in rural areas. After knowing the strengths, weaknesses, opportunities and threats, you can analyze business development strategies for small businesses in rural areas. This study used small tofu entrepreneurs in Tinalan Village, Pesantren District, Kediri Regency, as the sample using Simple Random Sampling on all tofu small entrepreneurs as the population with a determination of 30 respondents. This data is analyzed using the Internal External (IE) Matrix and Market Share Growth Matrix. Based on the results of the research, it shows the following conditions: (1) That the business development that needs to be done to determine the strategy for the small business is an Intensive Strategy that focuses on increasing the competitive position through existing products. (2) Whereas the test results of market share growth analysis show a value above the benchmark, which is 10%. Thus the results of this study can be used as a policy basis in knowing internal and external environmental aspects so that they can analyze development strategies for small businesses in rural areas.

KEYWORDS: Internal Environment, External Environment, Market Share Growth Matrix, Intensive Strategy

INTRODUCTION

Small business as a business area where many people depend on their fate, small business cannot die. This business must grow and develop, or be able to survive. This determination to survive and grow requires the ability of small businesses to understand their external situations (opportunities and challenges). While included in the internal situation are: Resources owned, policies that have been implemented and the results. While the external situation is the strength, namely political, economic, social and technological trends as well as the conditions of competitors or support groups.

Table 1. Indicators for measuring small businesses in Indonesia issued by various agencies.

Manufacturing Agency	Sector	Size Used
Small Business Act (UU No. 9/1995)	Thorough	Net assets < 200 million Turnover < 1 billion / year
Statistics Bureau	Industry	HCI < 5 people SSI 5 – 10 people
BAPEPAM	Financial	Assets < 200 billion
BKPM (Investment Coordinating Board)	Industry	Assets < 200 billion
Deperindag	Manufacture Trading	Assets < 600 million Turnover < 25 million
Finance Department	Agriculture	Soil < 0.5 Ha
Depkop and PPK	All sectors	600 million assets Turnover < 600 million
Chamber of Commerce	Industry	Active Capital < 250 million Turn over < 60 million

Source: Hetifah, Small Business Development Strategy and Agenda, 2017

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According to Subanar (2011: 3) in essence, existing small businesses are generally grouped into 3 special groups, which include:

a.   Small industry

For example: Craft industry, metal casting industry, convection and various other industries.

b.   Small Scale Company

For example: dealers, craft shops, cooperatives, waserba, restaurants, flower shops, professional services and others.

c.   Informal Sector

For example: Agents of used goods, street stalls, and others.

The characteristics above are clarified by Kuncoro (2016: 36) even though there are many definitions of small businesses, small businesses have almost uniform characteristics. First, there is no clear division of tasks between administration and operations. Second, the low access of small businesses to formal credit institutions. Third, some of the small businesses are engaged in the food, beverage and tobacco business group.

business is a logical consequence of social, economic and political transformation efforts from an economic system that relies on the agricultural sector to a non-agricultural economic basis. In accordance with the government's commitment that developing small businesses in rural areas is a concrete step to answer employment problems in rural areas. This commitment is reinforced by Saleh's statement (2014: 30) that to stimulate the development of rural industrialization, namely small businesses.

Based on professional planning and organization, a small business is expected to be able to recognize all the problems and challenges it will face in the future. It is hoped that with good planning and organization, small companies will be able to anticipate the ins and outs of their business problems and be able to grow to be large enough to participate in the regional economy. (Subanar, 2011: 1).

A small business that has been operating from period to period, then opportunities do not have to create something new, it can also be in the form of efforts to make financial, marketing, production, managerial and other aspects more efficient, effective and productive in achieving goals. organization goals. (Subanar, 2011: 21). The goal of a small company is therefore to develop the highest level of skill applicable to a particular material with the aim of increasing the value it contributes to the product it sells. (Wiratmo, 2016: 18).

The strategic management process is a combined framework of the stages of activity to anticipate the main obstacles, identify opportunities, estimate strengths that can be used and weaknesses that must be corrected. These activities in its implementation are adjusted to the needs and scope of the respective companies.

According to Setiawan (2016: 21), these stages look like the following picture:
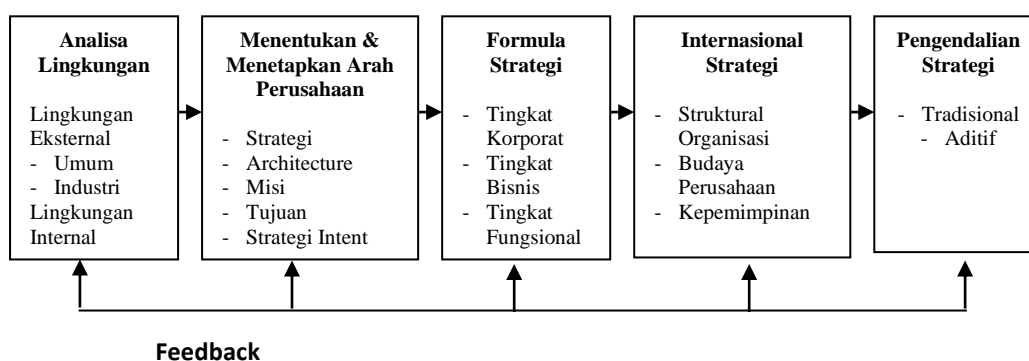
Feedback
Source : Setiawan, Strategic Management, A Concept, 2016
Figure 1. Strategic Management Process

Environmental analysis is the initial process in strategic management that aims to monitor the company's environment. The corporate environment here includes all factors both inside and outside the company that can affect the continuity of achieving the desired goals. Broadly speaking, the environmental analysis here includes an analysis of the external environment, which includes the general environment and the industrial environment, while the internal analysis will include an analysis of the company's activities regarding its resources, marketing and capabilities.

The existence of small entrepreneurs knows in the village Tinalan Kediri which is a business run by households/businesses producing tofu in the village. In its development it turned out to be a manufacturing business Tofu has good potential, so it is hoped that it can take advantage of every environmental condition and opportunity that exists.

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The problem that often arises in small businesses in rural areas is the condition of capital and management in their business, because small businesses are still using a simple/traditional management system and limited business capital, making it less able to compete in the business world. The problem that can be described in this study is how the development strategy for small tofu entrepreneurs in Tinalan village , Islamic boarding school sub-district.

RESEARCH METHOD

The type of research used is descriptive qualitative research. According to Indriantoro and Supono (2012: 26) descriptive research is research on certain phenomena or populations of the subjects studied. While the reasons can help researchers to explain the characteristics of the subjects studied, examine them as aspects of certain phenomena and can be used as a basis for making decisions to solve business problems. This research was conducted in the village of Tinalan, Islamic Boarding School District, Kediri City. Village selection Tinalan as a research location with the consideration that the majority of the population in the village are tofu entrepreneurs so that Tinalan village is a tofu-producing center . Sampling was carried out by Snowball sampling with 25 primary respondents and 5 secondary respondents. Primary data, obtained directly through interviews and questionnaires (Village Officials, Collectors, Respondents). Secondary data, used to complement primary data such as archives and documents related to research objectives and problems (Village Monograph, BPS, Industry Office). The data analysis technique uses a matrix analysis of the external environment with EFE (External Factor Evaluation) and the internal environment with IFE(Internal Factor Evaluation), namely by multiplying the weights of the external and internal variables with the ratings/levels of these variables. The result of multiplying the two of each variable will get a weighted value. The IE matrix consists of two parts, the total score of the IFE matrix on the X axis with a score of 1.0 – 1.99 indicates that the internal position is weak, a score of 2.0 – 2.99 is an average, and a score of 3.0 – 4 .0 is strong, in the same way on the Y axis for the EFE matrix total score.
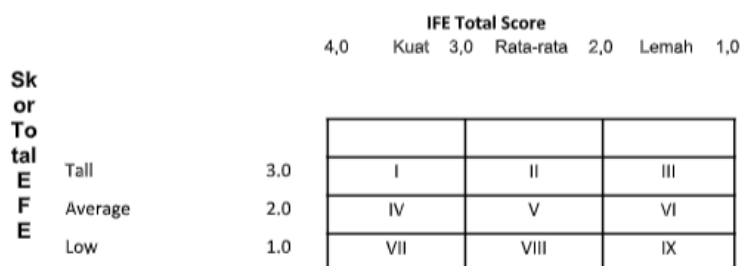

Source : Umar, Corporate Strategy Research, 2012

Figure 2. Internal – External (IE) Matrix

Market Growth Matrix Analysis is one of the portfolio analyzes that emphasizes the relationship between relative market share at the market growth rate. The BCG matrix is divided into four cells with the symbols for each cell being a question mark, a star, Cash Cows, and Dogs.

The Internal-External Matrix has 3 different strategic implications, namely:

1. Cells I, II, IV strategies that are suitable for these cells are intensive or integration strategies. This strategy requires intensive efforts to improve competitive position through existing products.
2. Cells III, V, VII, the strategies used are market penetration and product development strategies. This strategy requires increasing market share and product modification.
3. Cells VI, VIII, IX the strategy used is the harvest or divestiture strategy. In this strategy, it is best to inject as much short-term funds as possible or preferably liquidate them. (Umar, 2012: 181)
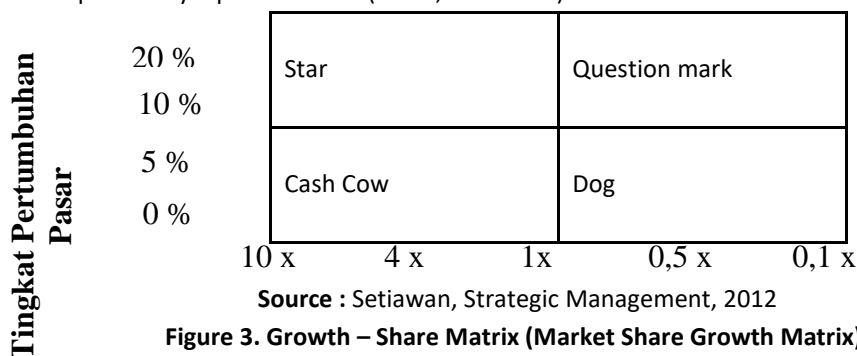
Source : Setiawan, Strategic Management, 2012

Figure 3. Growth – Share Matrix (Market Share Growth Matrix)

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1. A cell with a Question Mark symbol is a business that is at high growth but has a low market share, most businesses start with a Question Mark, as new companies enter the market with intensive strategic alternatives.

2. Cells with a Star symbol are the company's position if the business in the Question Mark is successful then the business will be in the Star category. Bintang is a big leader who is in a business that is growing rapidly and has a high market share with alternative product development and joint venture strategies.

3. The cell with the symbol Cash Cow is the position of the company when its annual market growth drops to a Cash Cow, if it still has the largest relative market share. Cash Cows generate a lot of cash for companies, which are financing business capacity development as market growth has slowed. Businesses that have a high market share in a high-growth industry with alternative concentric diversification strategies.

4. A cell with a Dog symbol is a slow-growth business position with a low market share that generally generates low profits. The company needs to consider whether the dog is worth keeping or not. Dog Cells often require more management than it's worth, necessitating an alternative retrenchment strategy.

A market share of 0.1 means that the sales volume of the strategic business unit of an industry is only 10% of the sales volume of the industry leader.

Based on calculations through the Growth Rate Market

Growth Rate $= \dfrac{\text{Volume Penjualan Th N}(N-1)}{\text{Th N}-1}$

Market Share $= \dfrac{\text{Volume Penjualan Th N}}{\text{Volume Penjualan Th N Pesaing}}$

(Umar, Corporate Strategy Research, 2012: 182)

RESEARCH RESULTS AND DISCUSSION

Seeing the condition of the small tofu entrepreneurs in Tinalan village, they are still very much influenced by the surrounding environment, namely the internal and external environment. So that the influence of the environment has a great impact on policy making and business strategy to be taken.

So it is hoped that small entrepreneurs in Tinalan village can anticipate changes in their internal and external environment because they will affect the strengths and weaknesses of the business. Changes in the environment also have a potential and fundamental impact on the creation of opportunities and threats in the present and in the future.

Table 2. Recapitulation of Internal Environment Matrix Analysis

Success Factor	Weight	Ratings	Mark
STRENGTH			
Raw Materials Easily Obtained and Cheap	0.15	4	0.60
Labor Available	0.10	4	0.40
Simple Technology	0.05	4	0.20
Good Product Quality	0.10	4	0.40
WEAKNESS	0.05	3	0.15
Low Entrepreneur Education	0.10	3	0.30
Low Management Ability	0.10	3	0.30
Limited Product Innovation	0.10	3	0.30
Small Capital Ownership	0.05	3	0.15
Less Utilization of Financial Institutions	0.10	3	0.30
Lack of Sales Promotion	0.05	3	0.15
Marketing Does Not Choose Targets	0.05	2	0.10
Lack of Marketing Personnel			
Total	**1.00**		**3.35**

Source : Primary Data, 2020

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Table 3. Recapitulation of External Environment Matrix Analysis

Success Factor		Weight	Ratings	Mark
1. OPPORTUNITY				
a.	East Java Population Per Capita Income is quite high	0.10	3	0.30
b.	As consumers, there are very many East Java products			
c.	Providing Job Opportunities	0.10	4	0.40
d.	Increase Revenue	0.05	4	0.20
e.	The existence of Small Business Credit	0.05	4	0.20
f.	There is Counseling	0.10	3	0.30
2. THREAT		0.10	4	0.40
a.	There are Products Produced in Other Regions			
b.	Less Able To Keep Up With Changes in Technology	0.35	3	1.00
		0.15	3	0.45
Total		**1.00**		**3.30**

Source : Primary Data, 2020

Through the IE Matrix by using the values of the results of the analysis based on the IFE and EFE Matrix, the IFE matrix calculation is obtained which gives rise to strengths and weaknesses factors which produce a total value of 3.35. The total is obtained from the number of multiplications between the weights and ratings of each factor in the matrix IFE. Whereas in the EFE matrix it raises opportunities and challenges with a total value of the calculation results of 3.30.

IFE Total Score
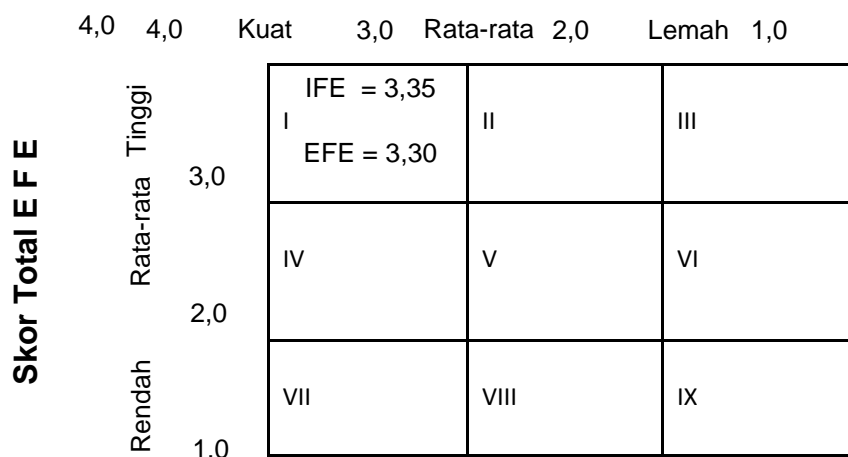
Source : Umar, Corporate Strategy Research, 2012

Figure 4. Internal – External Matrix Small Businesses know in Tinalan village

Market Growth Rate Analysis

Growth Rate $= \dfrac{\text{Vol. Penjualan Tahun N} - \text{Vol. Penjualan Tahun N}-1}{\text{Vol. Penjualan Tahun N-1}} \times 1000$

Growth rate Rp. $= \dfrac{540,900 - 532,500}{532,500} \times 1000 = 15,77$

Relative Market Share $= \dfrac{\text{Vol. Penjualan Tahun N}}{\text{Vol. Penjualan Tahun N Pesaing}}$

Relative Market Share $= \dfrac{540,900}{607,753} = 0,89$

The BCG matrix is an analytical tool for calculating business growth and competitive position against major competitors, namely similar products. Based on calculations through the growth rate market for small tofu businesses in Tinalan village, it is 1.577 . Growth of 1.577 is categorized as high because it is above the benchmark for business growth, which is 10% (Kotler, 2014: 77).

Meanwhile, as a material consideration for measuring the relative market share between small businesses in Tinalan village and competing businesses, namely in the city of Tulangagung, it was 0.89 (more than 1.0). The value of 0.89 is obtained from the ratio between sellers made by small tofu businesses in Tinalan village and sales made by small businesses in Tuluangung city in 2020.

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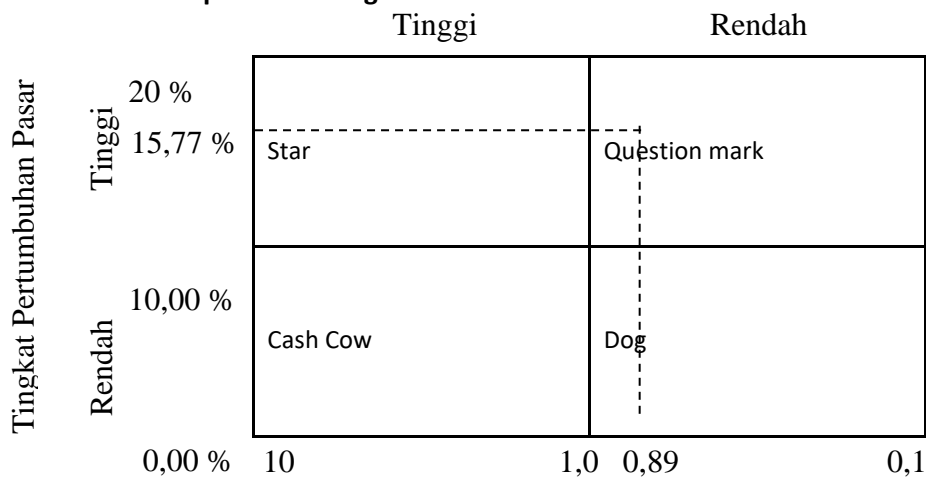
Figure 5. Growth – Share Matrix of Small Businesses in Tinalan Village .

Source : Setiawan, Strategic Management, 2016

DISCUSSION

Based on the IFE-EFE matrix analysis (Internal-External Matrix Analysis) and Market Share Growth matrix analysis, it can be used to determine small business development strategies know in the village of Tinalan, namely entering the intensive strategy. The IFE matrix analysis (Internal Environment Analysis) covers the company's strengths and weaknesses, while the EFE analysis (External Environment Analysis) includes the company's opportunities and threats, based on the results of the analysis showing that the external internal environmental factors are in a strong position, because they are at the intersection of the I and categorized in the implementation of intensive strategy. This is indicated by the results of the analysis calculation of 3.35 and 3.30 and based on the analysis of market share growth in the high category because the value exceeds the benchmark for business growth, which is 10%. This is shown by the results of the analysis calculation of 1 5.77 % and 0.89 %. Umar (2012: 181-182) said that in the internal external matrix a score of 3.0 - 4.0 is strong and enters an intensive strategy (enters cell I) in this cell the strategy emphasizes intensive efforts to improve competitive position through existing products. Kotler (2014: 77) says that market share growth exceeds the market growth rate which is categorized as high if it is above the benchmark for business growth, which is 10%, in this position the company is a market leader in a business that is growing rapidly and has a high market share. This research supports the opinion of Petrus (2018: 1) that the relationship between distribution strategy and market share is a strong positive relationship. The cost contribution is 31% and the remaining 69% is influenced by other factors outside the distribution channel costs studied, including promotion, price, consumers, environment, competitors and others.

Strategy Implementation

Alternative strategies that can be implemented in a business, of course, need to apply the right strategy that can bring significant progress to the business. Strategies that can be applied in this business include:

1. Integration Strategy, which is a strategy that requires companies to exercise more control over distributors, suppliers or competitors through mergers or acquisitions.
2. Intensive Strategy, namely a strategy that requires intensive efforts to improve competitive position through existing products.
3. Diversification Strategy, which is a strategy carried out by adding new products whether related to existing products or not.
4. Defensive strategy, namely a strategy that is carried out by surviving and there are alternatives that can be carried out by companies, including: by merging several companies (businesses), reducing costs and business assets, selling a business unit or closing its business. (Umar, 2012: 143-158)

So that by choosing the right strategy, based on the results of the analysis of the IFE Matrix and EFE Matrix which are formulated in the IE Matrix and the BCG Matrix it turns out that the strategy that is considered appropriate and has a positive influence on the development of small tofu businesses in Tinalan village is the Intensive Strategy.

Based on this intensive strategy, it can make efforts to improve its competitive position in its business through existing products, meaning that with the superiority of these products it can increase the market share of existing products or services in the available market and expand to new areas.

The next step can also be to modify the product, as well as form an intensive marketing force in marketing the product. So that in order to be able to further develop the product of the tofu business, it can take advantage of the opportunities that exist, namely by collaborating with the Department of Industry, in terms of increasing marketing.

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Strategy Implementation

Strategy implementation is needed to detail more precisely and clearly how the actual choice of strategy has been implemented to be realized. Based on the elaboration of the strategy that has been implemented, the next step is to formulate a basic policy as a guide in implementing the strategy that has been implemented. These policies relate to production, human resources, marketing and finance.

1. Production Policy:

Carry out product development by modifying the shape and taste.

Improving product quality by selecting good raw materials and the right production process.

2. Human Resources Policy:

Increase technical knowledge and skills, through education, training and counseling and conducting comparative studies.

3. Marketing Policy:

Increasing forms of promotion through sales, personal selling and digital marketing.

Increasing the formation of business partners through between entrepreneurs and the Government.

Improving the marketing system through the expansion of its distribution area and services.

4. Financial Policy:

Utilization of SMEs from banking and joint venture systems.

CONCLUSION

Internal and External Matrix Analysis from the calculation results shows that the position of the small business is in a Strong position because it is at the meeting point in cell I.

Matrix analysis of market share growth from the calculation results shows that the Growth Rate Market value is categorized as high because it exceeds the benchmark for business growth, which is 10%.

The internal environmental aspects that are the strengths are: Production and the weaknesses are Human Resources, Capital and Marketing. While the external environmental aspects that become opportunities are Economic Growth, Population, Socio-Cultural and Government Policy, as well as threats are Technological Changes and Competition.

Strategy for small business development Tofu in Tinalan village in order to increase in a competitive position in the market, it is necessary to establish an intensive strategy.

SUGGESTION

Improving the quality of its human resources through continuous and sustainable education, training and counseling. Establishing a Joint Business Group, with the hope of strengthening a competitive position in the tofu business in Tinalan village. Increase insight and access regarding weaknesses and threats in marketing products. The government needs to increase coaching efforts through production and marketing counseling and capital assistance.

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