

Strategy for Development of Small and Medium Micro Business Using SWOT and Quantitative Strategic Planning Matrices (QSPM) Analysis (Case Study of Panama Remake Restaurant)

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Abstract—This study aimed to determine the strategy of restaurant development. The research method used was a qualitative and quantitative method. The results showed that the analysis results of internal factors and external factors conducted at Panama Restaurant found some things that mostly affected restaurant business. From internal factors, the main strength of the restaurant was the affordable price. On the other hand, the main weakness of the restaurant was the narrow parking lot. For external factors, the main opportunity for the restaurant was the increasing purchasing power of Remake Regency. Meanwhile, the biggest threat to the restaurant was the threat of newcomers appeared in the same field (restaurant business). The right strategy used in this position was an intensive strategy (market penetration, product development). SWOT matrix analysis results obtained four alternative strategies, namely: 1) Making new menus with local flavors at affordable prices, (2) Expanding the market by opening new branches with a comfortable place with broad percussion, (3) Improving the quality service and speed in serving the consumer, (4) Adding employees for order-delivery services. Based on QSPM analysis, the right alternative strategies that can be done by Panama Restaurant in sequence were (1) Making new menus with local taste with affordable price (STAS: 8.96); (2) Expanding the market by opening new branches with a comfortable place with broad percussion (STAS: 7.49); (3) Improving the quality service and speed in serving the consumer (STAS: 4.75); (4) Adding employees for order-delivery services (STAS: 4.66).

Keywords—development strategy, SWOT, QSPM

I. INTRODUCTION

Small and Medium Enterprises (SMEs) have a strategic role in national economic development, because in addition to playing a role in economic growth and employment, it also plays a role in the distribution of development results. 30% of employment in Indonesia is in the formal sector and 70% is in the non-formal sector. When viewed from the element of contribution among business actors, formal sector employment consists of 0.55% of large-sized enterprises, 11.01% of medium-sized enterprises and 18.44% of small-sized enterprises from all formal employment. 70% of non-formal employment opportunities are provided by small-sized enterprises belonging to micro and small-sized businesses. This means that small and medium-sized enterprises have filled around 85% of employment in Indonesia [1]. Data from the Remake Regency Office of Cooperatives and SMEs in 2017 showed that there were 620 MSMEs. MSMEs in Remake Regency consists of various business fields, namely culinary business (73 business units), fashion business (22), automotive business (38), agribusiness (2), internet technology (2) and other business fields (322). They spread in various districts in Remake Regency.

Based on these data, the culinary business is the most widely practiced business by Remake people, the high number of culinary businesses in Remake Regency shows a very high level of competition among culinary businesses.

One of the restaurants in Remake is Panama Restaurant. Panama Restaurant is located on Mandala Remake Street.

Panama restaurant is one of the restaurants that is quite well known among students and young people in Remake regency. One of the advantages of this restaurant is salted fish fried rice and the prices offered are relatively cheap.

The company environment faced by Panama restaurant is influenced by internal and external conditions. The company's internal conditions are the strengths and weaknesses of the company, while external conditions are opportunities and threats. The external environment faced by companies is the number of competitors so that companies must take advantage of the opportunities that exist.

With the level of business competition between restaurants getting higher, it causes a decrease in sales at Panama Restaurant from the target set.

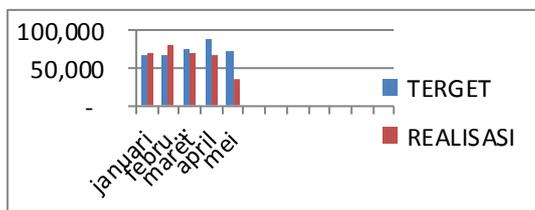


Figure 1. Realization of Purnama Restaurant's Revenue.

In the face of competition, business actor must be able to develop strategies in competition. A strategy is important for business actor because it is part of activities designed in carrying out business activities. The better and the right the business strategy applied is, the stronger it is in the face of business competition and able to excel in competition [2]. In this case, an analysis is needed to determine the condition of the company and its impact on the future. Therefore, in this study it is necessary to develop a development strategy at Purnama Restaurant to find out alternative strategies and priority strategies by using SWOT analysis and QSPM method.

The Threats-Opportunities Weaknesses-Strength (TOWS) matrix is an important matching tool that helps managers develop four types of strategies: SO Strategy (Strength-Opportunity), WO Strategy (Weakness-Opportunity), ST Strategy (Strength -Threat), and WT Strategy (Weakness-Threat) [3]. TOWS or SWOT matrices are tools that are used to construct the company's strategic factors. This matrix can clearly describe how the external opportunities and threats faced by the company can be adjusted to their strengths and weaknesses [4]. By using SWOT analysis several alternative strategies that have interrelationships between alternatives will be obtained, but the alternatives obtained need to be weighted because the level of importance of each alternative is different. Based on these conditions, a method is needed that can accommodate the occurrence of linkages between criteria, namely the Quantitative Strategic Planning Matrix (QSPM) method [5]. The QSPM method is a tool that allows strategists to evaluate internal key factors [6]. The advantage of using the QSPM method is that the series of strategies in the QSPM method can be observed sequentially and simultaneously

and minimize the possibility that the main factors will be missed but require intuitive assessment and based assumptions.

Previous research conducted by [7] showed that the strategies that could be applied were market penetration and product development. The priority strategy with the highest Total Attractive Score was improving quality and maintaining halal food.

Based on the explanation above, this study aimed to analyze and formulate development strategies that are in accordance with Purnama Restaurant.

II. RESEARCH METHODS

A. Place and time of research

The study was conducted at Purnama Restaurant located on Jl. Raya Mandala Merauke. The research data collection process was carried out from January to May 2018. The data used in this study consisted of two types, namely primary data and secondary data. Primary data can be defined as data collected from original sources [8]. Primary data in this study were obtained by direct observation and interviews with business owners of Purnama Restaurant. Secondary data was data that has been collected by other parties [8] Secondary data in this study was obtained from literature relevant to this research.

B. Data Collection Method

The data needed in this study were obtained in several ways, namely (1) Dissemination of questionnaires, which is an information gathering technique that allows analysis of the attitudes, beliefs, behaviors, and characteristics of several key people in the organization, which can be affected by the system submitted or existing system [9] (2) Interview, namely the process of obtaining information for research purposes by means of question and answer, while meeting face to face between the interviewee or interviewer or respondent using the tool called interview guide [10], (3) Observation, namely data collection activities by conducting direct research on the environmental conditions of the research objects that support research activities, so that a clear picture of the conditions of the Data processing methods consisted of qualitative analysis and quantitative analysis. Qualitative research is one of the research procedures that produces descriptive data in the form of speech or writing and the behavior of the people observed [11] Qualitative analysis is used to determine the company's environment to find out the strengths, weaknesses, opportunities, and threats faced by the company. While quantitative research is a method in which data is in the form of numbers and analysis using statistics [11] Quantitative analysis is used in the IFE matrix, EFE matrix, IE matrix, SWOT matrix, and QSPM Matrix. Research object is obtained [11]

C. Data Processing Method

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III. RESULTS AND DISCUSSION

A. Results

The results of Strength Weakness Opportunity Threat Matrix (SWOT) can be seen in Table 1.

Table 1. SWOT Matrix

Internal Factors	Strength (S)	Weakness (W)
	<ol style="list-style-type: none"> 1. Good taste and product quality 2. Affordable prices 3. Menu variation 4. The cleanliness of the restaurant is maintained 5. Strategic location with offices 6. Financial accounting 7. Raw materials that quality and freshness are guaranteed 	<ol style="list-style-type: none"> 1. The Absence of product innovation 2. Don't have a clear organizational structure 3. Have not carried out accounting records 4. Not yet have a clear and directed SOP 5. Narrow parking space 6. Do not have special delivery services due to lack of human resources
External Factors	Opportunity (O)	Threat (T)
	<ol style="list-style-type: none"> 1. Increasing The purchasing power of the Merauke Regency community 2. Changes in people's lifestyles 3. More and more women work, thus increasing demand for ready-made food 4. Development of technological progress 5. Ease of obtaining raw materials 	<ol style="list-style-type: none"> 1. Expand the market by opening a new branch with a comfortable and spacious area (W1), (O1.) 2. Add employees for special order-delivery services (W1, T1)
	Threat (T)	
	<ol style="list-style-type: none"> 1. Improve the quality of service and speed in consumers (S1, S2, T3, T5) 	<ol style="list-style-type: none"> 1. Increase in food prices 2. The rate of inflation fluctuates 3. The threat of many newcomers in the same field 4. The Threat of

<ol style="list-style-type: none"> 5. substitute products 6. High level of competition between restaurant industries High consumer bargaining power 	
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SWOT Matrix. Conceptually, QSPM determines the relative attractiveness of various strategies based on how far internal and external strategic factors are utilized or improved. The Attractiveness Score shows the attractiveness of each strategy towards the key factors that are owned, then determining the total attractiveness value or the value of TAS (Total Attractiveness Score) obtained from the multiplication between the weight and the US value of each strategic key factor. The next step is to calculate the total attraction value or STAS (Sum Total Attractiveness Score) to find out the best alternative strategy to be implemented (Table 2).

Table 2 QSPM Analysis Results

NO	Number of Alternative Strategies	Total attraction value (STAS)
1	Creating new menus with local flavors at affordable prices	8.96
2	Expanding the market by opening a new branch with a comfortable and spacious area	7.49
3	Improving service quality and speed in serving consumers	4.75
4	Adding employees for special delivery services,	4.66

Based on the results of the QSPM analysis, the best strategy priority that must be done now is new menus with local flavors at affordable prices with the highest STAS of 8.96. As for the full details of each strategy can be ranked as follows: 1) Making new menus with local flavors at affordable prices, (2) Expanding the market by opening new branches with a comfortable place with broad percussion, (3) Improving the quality service and speed in serving the consumer, (4) Adding employees for order-delivery services.

B. Discussion

SWOT Matrix Analysis is prepared based on identification of external and internal environmental factors of Purnama Restaurant. SWOT Matrix Analysis is conducted to produce eight kinds of strategies which is then grouped into four cells, namely S-O strategy, S-T strategy, W-O strategy, W-T strategy. The S-O strategy is a strategy that utilizes the power of a company to seize opportunities in the external environment in order to gain profits for the company. Some strategies that can be done include making

new menus with local flavors at affordable prices. This strategy uses the power of taste and good product quality and affordable prices by taking advantage of opportunities for increased purchasing power of Merauke Regency community, changes in people's lifestyles, the ease of obtaining raw materials. This strategy is done to attract the surrounding community to try to taste food and drinks with new menus offered by Purnama Restaurant with local flavors at affordable prices such as black pepper venison noodles, barbeque spicy ingredients. These raw materials are widely available in local markets.

This strategy uses company strength to avoid or reduce the impact of external threats [12] An alternative that can be done with the S-T strategy is to improve service quality and speed in serving consumers, so that consumers do not wait too long and are satisfied with the services provided by Purnama Restaurant, so the consumers do not switch to substitute products or other restaurants where the level of competition in restaurants is very high. This strategy uses the power of taste and good product quality at an affordable price to deal with threats from external parties namely the threat of new restaurants that are emerging and the high level of competition among the restaurant industry.

The W-O strategy is a strategy that uses the opportunities available to overcome the weaknesses of Purnama restaurant. There are several alternative strategies that can be done in the W-O strategy, namely expanding the market by opening a new branch with a comfortable place and having a large perimeter where previously the parking space provided by the restaurant manager is very narrow. This market expansion strategy by opening a new branch with a comfortable and broad-minded place utilizes the opportunity to increase the purchasing power of the Merauke Regency community to overcome the weaknesses of the restaurant, namely the increasing purchasing power of the Merauke Regency community [13]

The W-T strategy is a strategy where companies can minimize weaknesses and avoid threats. One alternative strategy that can be carried out on the W-T strategy is to add employees to the special order-delivery services. Adding employees to this special order-delivery services aims to enable Purnama restaurant managers to serve customers without having to come to the restaurant and increase satisfaction to customers. With the high level of competition in the restaurant industry, adding special order-delivery services can be a distinct advantage for Purnama restaurant.

QSPM Matrix Analysis is the decision stage which is the last step to determine the best strategy that can be implemented or used by the company from the alternative strategies obtained from the results of the SWOT analysis.

Based on the results of the SWOT analysis, it obtained four alternative business development strategies that can be applied by Purnama restaurant. In the next stage for decision making in determining the most appropriate strategy priorities to be implemented, QSPM analysis (Quantitative planning matrix strategy) is carried out.

IV. CONCLUSION

Based on the results and discussion, it can be concluded that the results of IE matrix analysis of the position of the restaurant was in the fifth quadrant which was *hold and maintain*. The right strategy used in this position was intensive strategy (market penetration, product development). SWOT matrix analysis results obtained four alternative strategies, namely: 1) Making new menus with local flavors at affordable prices, (2) Expanding the market by opening new branches with a comfortable place with broad percussion, (3) Improving the quality service and speed in serving the consumer, (4) Adding employees for order-delivery services. Based on QSPM analysis, the right alternative strategies that can be done by Purnama Restaurant in sequence were (1) Making new menus with local taste with affordable price (STAS: 8.96); (2) Expanding the market by opening new branches with a comfortable place with broad percussion (STAS: 7.49); (3) Improving the quality service and speed in serving the consumer (STAS: 4.75); (4) Adding employees for order-delivery services (STAS: 4.66). We recommend Purnama Restaurant to do intensive strategies (market penetration and product development).

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