Analysis of Internal and External Factors After Implementing the Improvement Strategy using SWOT Method

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ABSTRACT

Destination: Every businessman is expected to have knowledge and strategies in managing the company so that they can survive. Especially in small and medium enterprises (SME), a kind of business of this traditional cloth product. The problem is that SMEs have difficulty in increasing sales of their products. This study presents an internal and external analysis after the implementation of the improvement strategy

Design / methodology / approach: The method used was a survey to collect data. A total of one hundred consumers participated in this study.

Findings: The results of the analysis show an increase in the calculation of the strength and opportunity factors, a decrease in the points of weakness and threat factors. The total calculation shows an increase in efforts to provide a sales improvement strategy. Meanwhile, the calculation for each point resulted in an increase of fourteen points in both internal and external factors as a whole. The results of the quadrant position analysis also show that SME is in a very profitable position by having strengths and opportunities.

Practical implications: From these results, it is hoped that SME will continue to make continuous improvements by utilizing the strengths and opportunities they have. For further research, it can examine the focus on priority improvements, namely product, promotion and implementation in depth.

Originality/value: This paper is original

Paper type: Research Paper

Keywords: Marketing, Marketing Strategy, Pre Post Analysis, SME, SWOT

I. INTRODUCTION

Nowadays, traditional fabrics in Indonesia are no longer limited to being used as traditional clothing, but the use of these fabric products has begun to develop for fashion needs such as bags, shoes and other accessories. The fashion world has started to involve these traditional cloth products to make a variety of contemporary products according to market demand. Thus, the use of traditional fabrics as a fashion component is actually a business opportunity and promotion to introduce traditional cloth products in Indonesia. There are various kinds of potential in the industrial sector in the archipelago that are produced by products from traditional crafts. If identified, there are many kinds of traditional fabrics such as weaving, Songket, batik, Sasirangan, Ulos and others. This type is still reduced to several more indicators, such as batik, there are various variants of batik types in this archipelago. Likewise with various types of woven fabrics depending on the respective regions.

One of them is a traditional cloth in the form of weaving from Lamongan Regency, East Java, which has superior potential to enter foreign markets. The growth of SMEs in this area is quite fast. Like traditional cloth

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products that have successfully entered the world market. There are approximately thirty traditional cloth industry in this area and are able to absorb three thousand workers. Each product contains a number of respective competitors who collectively compete each other and strive for excellence through unique breakthroughs. For this purpose, organizations devise competitive strategies such as leadership, cost, differentiation, and even combining the three. Understanding competitive intensity is the capital for shaping the potential benefits of the organization. A number of studies provide evidence of the importance of marketing intelligence in effective strategic marketing planning (Ayub et al., 2013; Trim, 2004; Wright, 2005). In the marketing concept, research conducted by (Febriani Galih Saputro, Agus Dwi Sasono, Joko Suyono, Damarsari Ratnasahara Elisabeth, 2020) found that customer relationships have a significant effect on consumer retention in a company. Research conducted in 2020 (Avdullahi & Ademi, 2020) with the object of study on women entrepreneurs stated that marketing is very important to gain information about market essentials and demands, in the form of finance and communication on advertising.

Knowing this potential, basically the company must have a strategy in carrying out each of its business activities in order to achieve the goals desired by the company (Mainardes et al., 2014). However, the company must be able to analyze its business so that it can anticipate any problems. One method that is suitable for use is the SWOT method. Several similar studies state that the results of the analysis of internal (strengths and weaknesses) and external (opportunities and threats) aspects can be used to set future strategies and business development plans (Orr, 2012; Phadermrod et al., 2019; Samejima, M., Shimizu, Y., Akiyoshi, M., and Komoda, 2006). The strategy that is commonly used in determining the marketing strategy policy is SWOT or commonly called Strengths, Weaknesses, Opportunities, and Threats. According to (Danca, 2005) states that a SWOT analysis is a fundamental model that provides direction and serves as the basis for a marketing plan development. The SWOT helps in identifying the core potential in an organization, namely the potential strengths and their use in taking advantage of opportunities and warding off threats and identifying weaknesses that the company has (Ayub et al., 2013).

A fundamental contribution to this research is making strategic proposals to increase sales of traditional fabrics. Then the pre posttest analysis was carried out using the SWOT method, the pretest was to determine the cause of the decline in sales of traditional cloth products. Meanwhile, the post test is to measure whether the strategic proposals made are able to increase sales. Strategic proposals using QFD have been discussed in previous studies (P. Vitasari, Fuad Achmadi, 2020)

Conducting a marketing analysis using the pre posttest where in previous studies not many have conducted a study on marketing analysis using a comparison test before and after the implementation of marketing strategies. The method used in this research is the method of Strength, Weakness, Opportunity, and Threat. This study will produce an explanation of the results of the marketing analysis from internal and external factors after an effort to increase sales strategies.

II. RESEARCH METHODOLOGY

This study uses the pre post test method, which is a method used to measure important attributes in a marketing strategy (Pokryshevskaya, E., and Antipov, 2014).

A. Sample and Population
The population taken in this study are workers in production and management, as well as consumers. The method used in this sampling is simple random sampling, which is a random sampling of members of the population regardless of the strata in the population. The sample in this study was 100 people.

B. Research Instrument
The instruments used in this study are questionnaires and interviews. The following are the steps for compiling the questionnaire:
1. Determining the variables / sub variables / indicators to compile a list of questions
2. Arranging the instrument grid. This grid contains the scope of the question material, the types of questions, the number of questions, the time required.
3. Arranging the question items on the questionnaire with a total of 28 questions
4. Determining a scale with 4 answer choices. The answer choice scale strongly agree with value 4, agree with value 3, disagree with value 2, and disagree with value 1.

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C. Observing

The method used is a survey. This method is to obtain information from respondents about the strengths, weaknesses, threats and opportunities currently facing the company. The estimated time for data collection was three months.

III. RESULTS

This study conducted a pre-post test, using the SWOT method to analyze internal and external factors. This study focuses on marketing analysis in order to find the factors of opportunity and constraints to constrained sales. SWOT analysis 1 is used to identify opportunities and constraints that exist internally and externally. Then made improvements using the 4P mix market strategy and QFD analysis. After that, the implementation of the strategy is carried out, and the post test analysis is carried out. SWOT 2 is used to compare and to find out the results of implementing the marketing strategy. The following is a description of the results and discussion of SWOT 2 as follows.

Before presenting the results of SWOT 2, a glimpse of the results of the SWOT 1 analysis will be shown and the marketing strategy is made. The results of the SWOT 1 calculation show that each weighted value on the strength factor is 267.22, while the weakness factor has a total weighted score of 288.3. For external factors, each of the results of the weighted value is 267.44 for the opportunity factor, and 323.45 for the threat factor. This shows a high enough weight for weakness and threat factors, as well as a low score for strength and opportunity.

Furthermore, this study made a strategy for improvement using the 4P and QFD methods. For the results of these two methods, it was found that the dominant factor of improvement in products and promotions, both of which had the highest point relationship matrix. In the product, it is advisable to make design developments, variations, and new innovations. Meanwhile, for promotion, it is recommended to participate more frequently in exhibitions to introduce their products to the wider community.

A. SWOT Analysis

After the improvement strategy is made, then the SME is implemented. The SME is asked to carry out the appropriate improvement strategy and measure the results of the implementation using the SWOT method. The following is an explanation of the results of the analysis using the SWOT method. Table 1 shows the results of the internal factor analysis using the SWOT method. Each of the calculated weight values is 340.35 for the strength factor, and 280.67 for the weakness factor. This shows that there is an increase in the stress factor of 73.13 points. And there was a decrease in the number of 7.63 in the weakness factor.

Table 1. SWOT Internal Factors

No	Factor	Portion	Mean	Portion × Score
Strengths				
1	Capital and Investment	17	3.15	53.55
2	Human Resources Skills	16	3.61	57.76
3	Access to Government Markets	15	3.48	52.2
4	Product Variations	14	3.54	49.56
5	Management Skills	13	3.22	41.86
6	Products Price	13	3.46	44.98
7	Debt and Equity Ratio	12	3.37	40.44
Total		100		340.35
Weaknesses				
1	Global/Regional Marketing Network	15	3.41	51.15
2	Access of Institutional Funding	14	3.09	43.26
3	Traditional Management	14	3.06	42.84
4	Labor Costs	13	3.12	40.56
5	Market Strategies	12	2.53	30.36
6	Product and Company Image	11	1.93	21.23
7	Certificate and Product Quality	11	2.37	26.07
8	IT Facilities	10	2.52	25.2
Total		100		280.67

Here are the results of the calculation of external factors using the SWOT method as shown in Table 2 below. The results show that the opportunity factor value is 324.82, while the threat factor value is 292.29.

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Comparison of the pre post results can be seen that there is a point change in the opportunity factor which increased by 1.37 points. As for the threat factor, there was a decrease of 42.78 points.

Table 2. SWOT External Factors

No	Factor	Portion	Mean	Portion × Score
	Opportunities			
1	Woven Fabric Business Sector	19	3.6	68.4
2	"Return" Business Ability	18	3.3	59.4
3	Big Market Opportunities for Superior Products	17	3.48	59.16
4	Human Resources Development	17	3.25	55.25
5	National Banking Conditions	15	3.09	46.35
6	Fulfillment of Product Delivery	14	2.59	36.26
	Total	100		324.82
	Threats			
1	Market Globalization	17	2.75	46.75
2	Similar Product Competitors	15	3.01	45.15
3	Raw Material Prices	15	3.53	52.95
4	Technology Changing	14	2.64	36.96
5	Industrial Relationship	14	2.58	36.12
6	Labor Issues	13	3.32	43.16
7	Integrity System for Standard Product	12	2.6	31.2
	Total	100		292.29

From the results of the analysis, it can be said that there were changes before and after the proposed strategy was made. Even though the points obtained were not too big, especially on the factors of opportunity and weakness. This is possible because the two points of improvement, namely product and promotion, have not been carried out optimally. As the factor of weakness, the highest score is the weakness of the lack of network marketing. Furthermore, the threat factor has the highest value of the threat of raw material prices so that it becomes an obstacle in making product variants and designs. However, these results can be claimed as an increase in efforts to provide sales improvement strategies. Therefore, SME must continue to make continuous improvements in implementing some of these improvement proposals.

B. Comparison of Pre Post Analysis Results

The results of the comparison of the SWOT 1 and SWOT 2 calculations in detail are described in Table 3. The results of the calculation are an increase at 14 points, fixed at 3 points, and weak at 11 points. With the elaboration of the results as follows, the overall points on the strength factor show an increase, the weakness factor is more dominant on the weak result, the overall points on the opportunity factor also show an increase in results, and the threat factor shows a weak result. This is consistent between the total calculation and the calculation of each point, with exposure to the same results.

Table 3. SWOT Pre Post Comparison

Comparison		Pre	Post	Note	
	Strengths				
1	Assets and Investment	3.09	3.15	0.06	Increase
2	Human Resources Skills	2.58	3.61	1.03	Increase
3	Access to Government Markets	2.57	3.48	0.91	Increase
4	Product Variations	2.81	3.54	0.73	Increase
5	Management Skills	2.67	3.22	0.55	Increase
6	Products Price	2.37	3.46	1.09	Increase
7	Debt and Equity Ratio	2.5	3.37	0.87	Increase
	Weaknesses				
1	Global/Regional Marketing Network	3.41	3.41	0	Stable
2	Access of Institutional Funding	3.19	3.09	-0.1	Weak
3	Traditional Management	3.13	3.06	-0.07	Weak
4	Labor Costs	3.52	3.12	-0.4	Weak
5	Market Strategies	2.55	2.53	-0.02	Weak
6	Product and Company Image	1.94	1.93	-0.01	Weak
7	Certificate and Product Quality	2.37	2.37	0	Stable
8	IT Facilities	2.49	2.52	0.03	Increase
	Opportunities				

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1	Woven Fabric Business Sector	3.45	3.6	0.15	Increase
2	"Return" Business Ability	2.58	3.3	0.72	Increase
3	Big Market Opportunities for Superior Products	2.58	3.48	0.9	Increase
4	Human Resources Development	2.7	3.25	0.55	Increase
5	National Banking Conditions	2.27	3.09	0.82	Increase
6	Fulfillment of Product Delivery	2.26	2.59	0.33	Increase
Threats					
1	Market Globalization	3.45	2.75	-0.7	Weak
2	Similar Product Competitors	3.29	3.01	-0.28	Weak
3	Raw Material Prices	3.53	3.53	0	Stable
4	Technology Changing	2.94	2.64	-0.3	Weak
5	Industrial Relationship	2.97	2.58	-0.39	Weak
6	Labor Issues	3.44	3.32	-0.12	Weak
7	Integrity System for Standard Product	2.92	2.6	-0.32	Weak

C. The Difference of Quadrant Position Results

The quadrant analysis during the pre-test shows that the company is placed in quadrant 4, which is a very unfavorable situation i.e. the company faces various threats and there are weaknesses from internal factors. Following are the results of the analysis with a diagram to determine the quadrant after the improvement strategy is carried out.
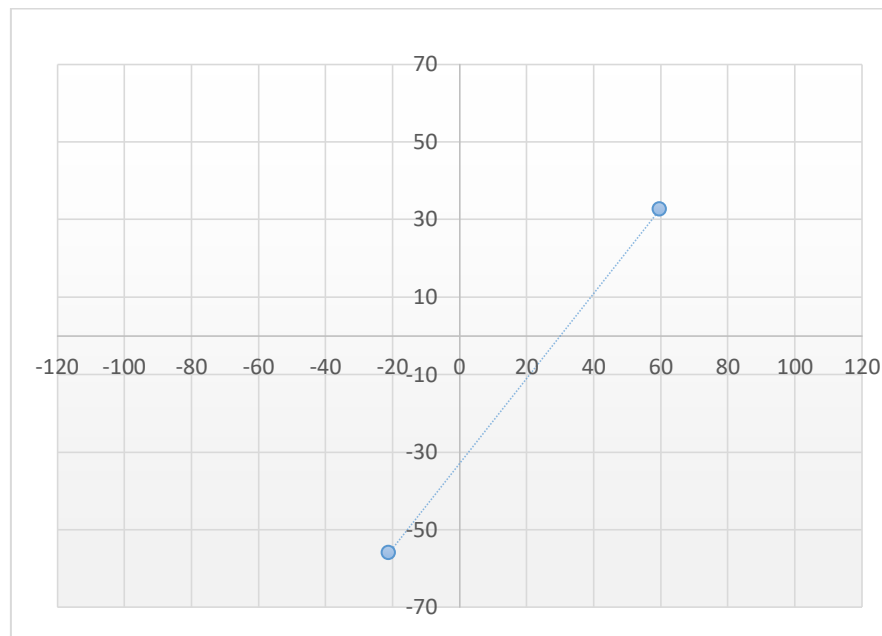

Figure 1. Quadrant Analysis Results

Furthermore, after the improvement and implementation strategies are made, the quadrant analysis during the post test shows that the company is in quadrant 1 position, as shown in Figure 1. Where the position is very profitable for the company by having the strength and opportunity to increase sales. Some of the strengths of this SME include having human resources who have skills in making this traditional cloth and have sufficient capital. Meanwhile, SME has several points of opportunity, such as the business sector and promising market opportunities.

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IV. CONCLUSION

This paper has presented an analysis of internal and external factors after implementing the improvement strategy using SWOT method. Analysis of internal and external factors after implementing improvements using the SWOT method shows an increase in the calculation of the strength and opportunity factors. There is a decrease in the points of weakness and threat factors. Although the total calculation results obtained have not shown a large number, it has shown changes in results before and after the improvement. The calculation of each point shows that there are fourteen points that have increased. Supported by the results of the quadrant position analysis which is very profitable for the company by having the strength and opportunity to increase sales. The SME has several strength points and opportunities including human resource skills, capital adequacy, and promising market opportunities for this traditional cloth business. Therefore, SMEs must continue to make continuous improvements by utilizing these strengths and opportunities.

V. ACKNOWLEDGEMENT

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