

Strategy for Development Small and Medium Enterprises Otak-Otak of Milkfish Based on Regional Potential in Gresik Regency, Indonesia

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Abstract-Small and medium enterprises (SMEs) otak-otak of milkfish have an important role as one of the drivers of the economy of Gresik Regency, because it can help in the absorption of labor and poverty alleviation efforts. On the other side, small and medium enterprises (SMEs) otak-otak of milkfish in Gresik Regency have many problems faced, such as: capital, marketing, the product cannot last long, the production process is still manual. The purpose of this research was to identify the characteristics otak-otak of milkfish in Gresik Regency in order to find out the actual description or condition faced by these SME entrepreneurs. After getting an overview or actual condition, an analysis of the internal and external environmental conditions otak-otak of milkfish and the selection of several alternative development strategies are carried out. The strategy used in developing SMEs otak-otak of milkfish is by conducting market penetration, market development, and product development.

Keywords- SMEs, IFE Matrix, EFE Matrix, IE Matrix, SWOT

I. INTRODUCTION

Gresik is one of the regencies in East Java which is located on the north coast of Java Island, with a coast as long as ± 140 Km. Nearly a third of the area of Gresik Regency is a coastal area, so the conditions with potential fisheries resources. The area of fish cultivation in Gresik Regency is 17,835.02 Ha of brackish ponds, 14,629.05 Ha of freshwater ponds, 100,95 Ha of ponds, 617,37 Ha of reservoirs and 320,32 Km of ponds (Herdiansa and Suprihardjo, 2014).

Gresik Regency, which is located in the northern coastal region of Java Island, has the potential of wealth from the fisheries sector, one of which is milkfish. Milkfish is a fishery commodity that is popular with the community, because it tastes quite tasty, tasteful and the price is relatively cheap. In addition, milkfish contains high protein and low cholesterol.

One of the superior processed products of the Gresik Regency fisheries sector is Otak-otak of Milkfish. Processed products from the fisheries sector really need to be developed,

considering the fisheries resources they have. The development of value-added products from underutilized fish species can succeed, depending on the market strategy used (Venugopal, et al., 1995). The risk of failure can be reduced, and the chance of success can be increased by knowing the factors that influence success in business (Chittithaworn, et al., 2011).

With the opening of the domestic market and the global market, the competition of Small and Medium Enterprises (SMEs) Otak-otak of Milkfish is getting tougher. Coaching and development otak-otak of milkfish are increasingly urgent to increase independence and impact on income.

Small and Medium Enterprises (SMEs) have an important role as one of the drivers of the economy of Gresik Regency. On the other side, Small and Medium Enterprises (SMEs) Otak-otak of Milkfish in Gresik Regency have many problems faced are as follows:

A. Capital

In developing its business, Small and Medium Enterprises (SMEs) have difficulty getting credit access from banks, both from technical constraints and non-technical constraints, for example, limited access to information to banks, lack of / insufficient collateral, the absence of financial statements, and others.

B. Marketing

Processed milkfish products are not only produced by SMEs in Gresik Regency, but other regions also have similar products, for example, Sidoarjo Regency. Market access for SMEs in Gresik Regency is not widely formed and there is no solid business network. Even though the ability to access the market is one of the keys to winning business competition. So it is important for Gresik Regency SMEs to expand their production marketing network.

C. Product

Milkfish processed products (otak-otak of milkfish) can only last 3-5 days because the packaging technique is still manual and without packaging techniques using a vacuum machine that can extend the durability of the product.

D. Technology

The use of packaging technology for processed milkfish products (otak-otak of milkfish) is still manual so that the product can only last 3-5 days. The impact without packaging technology that uses vacuum machines is that marketing cannot reach beyond the area/island.

E. Government Policy

Business legality can increase consumer confidence in the product. However, in taking care of the legality of the business must spend a large amount of money on pocketing the certificate and the arrangement is protracted. This is not comparable with the income earned (Jawa Pos, 2017).

Based on the description above, conducted a research relating to the strategy of fisheries agribusiness development in Small and Medium Enterprises (SMEs) based on potential regional otak-otak of milkfish, in order to increase product competitiveness and strengthen the economy of Gresik Regency.

II. RESEARCH DESIGN

A. Research Problems

1. What internal factors influence the development of SMEs Otak-otak of Milkfish in Gresik Regency?.
2. What external factors influence the development of SMEs Otak-otak of Milkfish in Gresik Regency?.
3. What strategy is used in developing SMEs Otak-otak of Milkfish in Gresik Regency?.

B. Problem Scope and Limitation

1. Fisheries agribusiness research is or SMEs Otak-otak of Milkfish in Gresik Regency.
2. Data collection techniques used are observation, interviews, and filling out questionnaires.
3. The Method used is the IFE matrix, EFE matrix, IE matrix, and SWOT.

C. Research Goals

1. Identify internal factors in arrange strategies developing SMEs otak-otak of milkfish based on regional potential.
2. Identifying external factors in arrange strategies for developing SMEs otak-otak of milkfish based on regional potential.
3. Determined the right strategy in developing SMEs otak-otak of milkfish based on regional potential.

III. THEORETICAL FRAMEWORK

A. Small and Medium Enterprises (SMEs)

Anoraga and Sudantoko (2002: 226-227); and Rusdiana (2016) explained that the advantages of small businesses compared to large businesses (UB) are:

1. MSMEs operate throughout the corners with various business sectors being run.
2. MSMEs operate with low (small) capital investment.
3. The use of technology used by most MSMEs is still simple.

B. Strategy

The concept of "strategic management" relates to how companies develop a sustainable competitive advantage in generating value creation (Ramachandran, Mukherji & Sud, 2006; Abosedo, Obasan and Alese, 2016). Whereas strategic planning is a demanding, complicated, and complex process that guides organizations to untouched areas (David, 2009). The results of the study conducted by Sosiawani, et al. (2015) show that strategic planning has an important contribution to achieving better organizational performance. Strategic planning can help organizations make better decisions in the future.

C. IFE Matrix and EFE Matrix

Internal Factor Evaluation Matrix (IFE) is a strategy formulation tool used to summarize and evaluate major strengths and weaknesses in functional areas of the business, and also becomes the basis for identifying and evaluating the relationships between these areas (David, 2009). While the External Factor Evaluation (EFE) Matrix is used to evaluate opportunities and threat factors of the company.

The results of evaluating these external factors will illustrate whether the opportunities that are possible can be responded to well and whether the threats that arise will be overcome. Whereas internal or IFE factor evaluation is used to evaluate the internal factors of the company or organization related to strengths and weaknesses that are considered important (Abdurrahim, Daryanto, and Nuralina, 2014).

D. IE Matrix

Internal External Matrix (IE) positions various divisions of an organization in a nine-cell view (David, 2009). The IE matrix is based on two key dimensions (David, 2009): the total IFE weighting score on the x-axis and the total EFE weighting score on the y-axis. On the x-axis of the IE matrix, the total IFE weighting score of 1.0 to 1.99 shows a weak internal position, a score of 2.0 to 2.99 is considered moderate, and a score of 3.0 to 4.0 is strong. While on the y-axis, the total EFE weighting score of 1.0 to 1.99 is seen as low, the score of 2.0 to 2.99 is considered moderate, and a score of 3.0 to 4.0 is high.

E. SWOT Analysis

SWOT analysis helps companies achieve goals by overcoming or minimizing barriers to achieving desired results (Singh, 2010; Ommani, 2011). After identifying environmental factors (opportunities and threats) and internal factors (strengths and weaknesses) and separating key factors from other factors, it's time to choose and recommend strategies (Mirzakhani, Parsaamal, and Golzar, 2014).

IV. RESULT AND DISCUSSION

A. Internal Factor Evaluation (IFE) Matrix

The IFE matrix is a summary step of the organization's internal audit by considering the main internal strengths and weaknesses listed, weighted, and rated to get a total weighting score based on rating scales 1 to 4. With a total weighting score of 2.50 representing how the average company in this industry faces the internal environment (Capps III and Glissmeyer, 2012).

TABLE I. IFE MATRIX

Internal Factors	Code	Weight	Level	Weight Score	
Strength Factors					
1	Raw milkfish ingredients are abundant	S1	0,171	4	0,684
2	Without using chemicals in the production process	S2	0,171	4	0,684
3	Products are well known in the community	S3	0,158	4	0,632
4	Fish consumption is increasing	S4	0,143	3	0,429
Weakness Factors					
1	The product does not last long	W1	0,086	2	0,172
2	Human resources are still low in education	W2	0,071	2	0,142
3	Small business capital	W3	0,071	2	0,142
4	The production process is still manual	W4	0,058	1	0,058
5	Limited market access	W5	0,071	1	0,071
			1,000		3,014

Source: data processed

Based on the results of the IFE matrix, the total weight is 1,000 and the total score weight is 3,014, with details for the total weight score of the strength factor of 2.429 and the total weight score in the weakness factor is 0.585. This proves that SME Otak-otak of Milkfish in Gresik Regency is able to utilize strengths and overcome weaknesses.

B. External Factor Evaluation (EFE) Matrix

The EFE matrix is the last step of the organization's external audit by considering opportunity factors and large external threats are listed, weighted and rated to get a total weighting score which is also based on a scale of 1 to 4 metrics. With a total weight score of 2.50 representing how the average company in the industry handles its external environment (Capps III and Glissmeyer, 2012).

Based on the results of the EFE matrix, the total weight is 1,000 and the total score weight is 3,328 with details for the total score of the opportunity factor weighting of 2,099 and the weighting score on the threat factor of 1,229. This proves that SMEs Otak-otak of Bandeng in Gresik Regency is able to take advantage of existing opportunities and avoid the threats that come.

TABLE II. EFE MATRIX

External Factors	Code	Weight	Level	Weight Score	
Opportunity Factors					
1	Local Government policy support	O1	0,129	4	0,516
2	Population growth is increasing	O2	0,142	4	0,568
3	Culture of buying souvenirs	O3	0,157	4	0,628
4	Gresik as a tourist and industrial city	O4	0,129	3	0,387
Threat Factors					
1	Competition for products Otak-otak of milkfish is getting tighter	T1	0,129	3	0,387
2	It is difficult to get milkfish that have specified speciation in weight and length	T2	0,1	3	0,3
3	The price of raw materials fluctuates, but the selling price of the product fixed	T3	0,114	3	0,342
4	Financial management is not organized	T4	0,1	2	0,2
			1,000		3,328

Source: data processed

C. Internal External (IE) Matrix

The total weight score results from the IFE and EFE matrices are used in the nine-cell Internal-External (I-E) Matrix for more strategic suggestions, such as Grow and Build, Hold and Maintain, or Harvest and Divest (Capps III and Glissmeyer, 2012).

TABLE III. POSITION SMEs OTAK-OTAK OF MILKFISH BASED ON IE MATRIX

	WEIGHT SCORE TOTAL IFE				
			Strong 3,0 - 4,0	Medium 2,0 - 2,99	Weak 1,0 - 1,99
	High 3,0 - 4,0	4,0	3,0	2,0	1,0
WEIGHT SCORE TOTAL EFE		3,0	I	II	III
	Medium 2,0 - 2,99	2,0	IV	V	VI
	Low 1,0 - 1,99	1,0	VII	VIII	IX

Based on the total IFE weighting score of 3.014 and the total EFE weighting score of 3.328, the position of SME Otak-otak of Milkfish is in the cell I which means grow and build. The position grow and build means that SME Otak-otak of Milkfish in Gresik Regency must carry out strategies related to market penetration, market development, and product development to be able to compete with similar products from other regions.

D. SWOT Analysis

David (2009) explains that SWOT analysis is an analytical tool used to compile strategic factors based on strengths,

weaknesses, opportunities, and threats owned by the company/ organization. Whereas Shinno, et al. (2006) explain that SWOT analysis is one of the most effective approaches used in

analyzing strategic management policies of an organization. SWOT can provide a good basis in formulating successful strategies (Chang and Huang, 2006).

TABLE IV. SWOT ANALYSIS

INTERNAL FACTORS EXTERNAL FACTORS	STRENGTH	WEAKNESS
		<ol style="list-style-type: none"> Raw milkfish ingredients are abundant Without using chemicals in production Products are well known in the community Fish consumption is increasing
OPPORTUNITY	Strategy SO	Strategy WO
<ol style="list-style-type: none"> Local Government policy support Population growth is increasing Culture of buying souvenirs Gresik as a tourist and industrial city 	<ol style="list-style-type: none"> Held a milkfish festival. Facilitating business permits related to milkfish The regional government always socialize the culture of eating milkfish 	<ol style="list-style-type: none"> Cooperation with SME institutions in designing food made from healthy and durable milkfish. Local governments assist SMEs in processing milkfish in the design of TTG The regional government provides capital loan assistance without collateral for SMEs
THREATS	Strategy ST	Strategy WT
<ol style="list-style-type: none"> Competition of product for Otak-otak of Milkfish is getting tighter It is difficult to get milkfish that have specified weight and length specifications The price of raw materials is volatile, but the selling price of the product fixed Financial management has not been organized 	<ol style="list-style-type: none"> Local governments help and facilities to make and marketing products outside the region The regional government provides training for SMEs related to management The regional government oversees the trade of the Gresik area milkfish. 	<ol style="list-style-type: none"> The government created a program of cooperation between milkfish sellers The regional government helps to genetically engineer milkfish so that the milkfish is of the desired size

Based on the results of the SWOT analysis above and related to the results of the IE Matrix, the strategy used is that the Regional Government always socialize the culture of eating milkfish, Local governments help and facilities to make and marketing products outside the region, Cooperate with SME institutions in designing food made from healthy and durable milkfish, and the local government helps SMEs processing milkfish in TTG design.

2. SMEs Otak-otak of Milkfish can cooperate with universities both public and private in increasing promotion, marketing, and sales through online marketing media (e-commerce).

V. CONCLUSION AND SUGGESTION

A. Conclusion

The conclusions of this research are:

- There are 9 internal factors in developing SMEs Otak-otak of Milkfish in the Gresik Regency
- There are 8 external factors in developing SMEs Otak-otak of Milkfish in the Gresik Regency
- Strategies used in developing SMEs Otak-otak of Milkfish by conducting market penetration, market development, and product development.

B. Suggestion

Suggestions that can be conveyed in this research are:

- SMEs Otak-otak of Milkfish is advised to innovate products, through fish thorns. The thorns of Milkfish can be processed into Abon so that all parts of milkfish can be utilized.

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