

Growing SMEs: A SWOT Analysis on Fish Processing Industry

Renny Dwijayanti and Novi Marlana
Universitas Negeri Surabaya

Keywords: SMEs, SWOT Analysis, fish processing industry.

Abstract: Small and medium enterprises have an important role in Indonesian's economy. Based on data from 2010-2015, the number of SMEs in Indonesia grow from various business sectors. One of the sub-sectors in small medium enterprises is fisheries sector, this sector has an important role in the nutritional contributor of Indonesian society. The research object is small industry of fish processing in Sidoarjo. The research is descriptive qualitative research. Data source used is primary data and secondary data. Data collection techniques using structured interview techniques. The results of this study indicate that there are still threats from substitute products. To improve the performance of SMEs fish processing in Sidoarjo then needed differentiation strategy in terms of product line extension, and product quality control.

1 INTRODUCTION

Indonesia as a country that has a densely population, at least able to push the Indonesian economy quickly, coupled with its abundant natural resources and waters are much stretched. When compared to the land area and the ocean, the ocean in Indonesia has a greater dominance that reaches 62 percent of the total area of Indonesia while the land area is only 38 percent of the total area of Indonesia, with the condition Indonesia is known as Maritime Country. The potential of Indonesian's marine and coastal resources is big. Marine fishery sub-sector that gives big contribution to fishery sector added value, such as donated by the role of aquaculture and marine fishery products are processed well, modern and traditional by society (BPS Sidoarjo, 2015).

Fish processing activities in Indonesia are still classified as traditional fish processing and carried out on the scale of the home industry (Heruwati, 2002). However, the development of small or medium enterprises is currently a concern, because the economic crisis that hit Indonesia has raised hopes on micro-small enterprises to become a motor economy (Widyaningrum, 2003). Same as Glendoh (2001) that small businesses are able to absorb labor, produce products at affordable prices for the needs of the low-income people.

The condition of SME's in general in East Java shows that every year SME's products in East Java

experience growth and development both on the type, design and raw materials, created from the creativity and innovation of business actors in East Java (<http://www.jatimprov.go.id>). Fish that is a food source of this protein turned out to have a weakness that can not last long. These commodities are rapidly damaged and thus require further processing, many fish processing activities can be done in various ways, such as making fish abon, canned fish manufacturing, salted fish production, smoke fish making, and so on. For that existence of fishery industry is needed, so fish become a product ready to be consumed by society. One of SMEs from various business that exist in Sidoarjo is SMEs that move on smoke bandeng business. Sidoarjo is very famous for its special food called bandeng asap. The market demand for processed bandeng is quite high. This can be seen from the production capacity of processed milkfish per year in Sidoarjo which reached 2,248.896 tons (<http://travel.kompas.com>).

Strategies to achieve high sales results must be taken by the processors smoke bandeng, in order to win competitiveness among them. Marketing strategy is a fundamental tool that is planned to achieve the company's goals by developing sustainable competitive advantage through entering markets and marketing programs used to serve the target market.

This study examines the systematic factors of strength, weakness, opportunities, and threats on bandeng processing unit conducted to know and

provide a strategy to develop bandeng processing as one of the traditional processed marine fishery products from Sidoarjo to keep developing. Identification of these external and internal factors will in the future facilitate for the preparation of decision-making for the planning of business development strategy of bandeng processing.

The analysis used to determine fishery product development strategy in Sidoarjo is a SWOT analysis. According to Rangkuti (2009), SWOT analysis is a useful analysis to obtain the right strategy formulation, and adjusted to the condition and potential of the region. The SWOT analysis is used to identify and evaluate internal and external factors, based on logic to maximize strengths and opportunities, while simultaneously minimizing Weaknesses and threats.

SWOT analysis is used to evaluate opportunities and challenges in the agribusiness environment. To facilitate in conducting swot analysis SWOT matrix is required. Swot matrix will make it easier to formulate strategies that need or should be executed. By way of grouping each SWOT element problem into the table (Kuncoro, 2006)

SWOT analysis is conducted to identify various factors systematically to formulate a business strategy. Where strategic planning of a business must analyze the strategic factors (strengths, weaknesses, opportunities, and threats) conditions that exist at this time. This research step will explain how the analysis is done from the raw data that exist until the research results achieved.

2 METHODS

The research was conducted from December 2016 until February 2017 located in Penatarsewu Village, Tanggulangin, Sidoarjo.

The study was conducted through 3 stages; 1) data collection phase, 2) data analysis phase, and 3) the stage of preparation and decision making business development strategy. Stages of this study as a whole refers to the observations made in the bandeng processing business unit.

The primary data collection on the strength, weakness, opportunity, and threat factors of smoked fish processing is done through observation. The

collection of internal and external data contained in the curing unit was conducted by a semi-structured interview (depth interview) to the key person guided by the questionnaire. Furthermore, the data obtained will be grouped based on the factors of strength, weakness, opportunities, and threats. Internal data that can be a strength and weakness of business, While external data that can be an opportunity and business threats.

In this research, the steps of data analysis are done as follows: (1) Conducting data classification, that factors become strength and weakness as internal factor of organization, opportunity and threat as external factor of organization. This classification will generate a SWOT information table. (2) Conducting SWOT analysis that is comparing between external factors of opportunity and threat with internal factor of organization strength and weakness. (3) The results of the analysis are then interpreted and developed into a strategy selection decision that allows to be implemented. The chosen strategy is usually the most likely (most positive) outcome with the least risk and threat.

Decision making for the formulation of fisheries product development strategy using IFAS and EFAS matrix, the matrix yield four alternative strategic possibilities, such as:

- SO Strategy (Strength - Opportunities)
This strategy is a combination of strength and opportunity, by utilizing all the power to seize and take advantage of opportunities. This strategy is also called aggressive strategy.
- ST Strategy (Strength - Threats)
Strategies that optimally use internal strengths to face challenges or weaknesses. This strategy is called a diversification strategy.
- WO Strategy (Weakness - Opportunism)
A combined strategy of weaknesses and opportunities that seek to minimize internal weaknesses to take advantage of opportunities. This strategy is called turnaround strategy.
- WT Strategy (Weakness - Threats)
Combine strategies between weaknesses and unfavorable threats and try to minimize internal weaknesses and avoid threats. This strategy is also called defensive strategy. (Hunger & Thomas, 2013)

Table 1: Diagram matrix SWOT.

Internal Factor (IFAS)	<i>Strengths (S)</i> Internal Strength Factors	<i>Weakness (W)</i> Internal Strength Factors
External Factor (EFAS)		
<i>Opportunities (O)</i> External Opportunities Factors	SO Strategy Creating strategies that use force to take advantage of opportunities	WO Strategy Creating strategies that minimize weaknesses to take advantage of opportunities
<i>Treaths (T)</i> External Threat Factors	ST Strategy Creating strategies that use force to overcome threats	WT Strategy Creating strategies that minimize weaknesses that avoid threats

Source: Hunger & Thomas, 2013

3 RESULTS AND DISCUSSION

The development of fish processing essentially leads to optimal and rational utilization of fish resources for the welfare of the community in general and fishermen in particular, without causing damage to the fish resources themselves and the environment (Rosalina, 2011). Fishery potential as the main raw

material provider for fishery product processing business in Sidoarjo is very big, it is seen in the selection of strategy for the development of fishery product processing in Sidoarjo which emphasizes on the improvement of quality or quality and diversification of fishery products according to market demand. Here is an explanation of the strengths, weaknesses, opportunities, and threats that arise in the smoke fish processing industry.

Table 2: Diagram matrix SWOT.

Factor Internal (IFAS)	<i>Strengths (S)</i> Internal strength factor	<i>Weakness (W)</i> Internal weakness factor
Factor External (EFAS)		
1. Opportunities (O) External opportunity factors 1. The existence of transportation support 2. Employment 3. Cooperation with other parties 4. The development of fishery processing technology. 5. Government's assistance and support to the development of fishery products processing.	SO Strategy 1. Utilizing the potential of fisheries and technological developments, to produce quality products and quality. 2. Diversification of processed products of fishery products 3. Building partnerships and business networks in the framework of developing fishery products processing business 4. Increasing human resources of business actors	WO Strategy 1. Development of processing infrastructure and marketing of fishery products. 2. Increasing the role of regional governments in product development and marketing of fishery products. 3. Building partnerships with private parties facilitated by local governments.
1. Treaths (T) External threat factors 1. Pressure on resources and environment due to activities	Strategy ST 1. Development of government institutions (fisheries), such as building cooperation in promotion.	WT Strategy Community empowerment through the improvement of human resources,

<p>that are not environmentally friendly utilization. 2. Competition in the processing of fishery products from other regencies / cities. 3. Competitors substitute products.</p>	<p>2. Community development for the protection of fishery product processing business development 3. Optimizing the utilization of local resources</p>	<p>diversification of products and the creation of a healthy and good market</p>
---	---	--

Table 2 shows some alternative strategies that can be applied in the processing of fishery products in Sidoarjo regency. The strategy provides an outcome that will benefit all parties, especially actors of fisheries processing.

From these results can be concluded the strategy of SMEs fish processing in Sidoarjo is the SO strategy (strength-Opportunities) by utilizing the power to seize opportunities, the description of the SO strategy, among others:

- Smoked fish as a result of local fisheries requires partnership and the role of local government to provide supporting facilities and infrastructures as well as business capital for business development.
- Increasing and improving the quality of traditional processing of smoked fish will create products that can compete with other processed products.
- Creating diversification of other processed milkfish products

4 CONCLUSIONS

Based on the results of SWOT analysis, the first strategy must be run is to empower the community, through the improvement of human resources by providing training, coaching and apprenticeship to fisheries companies, so as to obtain high value-added products, and establish healthy marketing institutions so that the processed products are able to reach all Destination area.

Conservation of fishery processing is important in order to maintain local character of the area to remain and grow.

REFERENCES

Badan Pusat Statistik Sidoarjo. 2015. *Data Geografis, Penduduk, Pertanian, dan Industri*. Sidoarjo: Pusat Data Statistik dan Informasi Kabupaten Sidoarjo.
 Glendoh, S.H., 2001. *Pembinaan dan Pengembangan Usaha Kecil*. *J. Manajemen & Kewirausahaan* 3: 1 – 13.

Herawati, E. S., 2002. *Pengolahan Ikan Secara Tradisional: Prospek dan Peluang Pengembangan*. *Jurnal Litbang Pertanian* 21(3): 92-99
 Hunger, D., Thomas. 2003. *Manajemen Strategik*. Yogyakarta: Andi
<http://www.jatimprov.go.id>
<http://travel.kompas.com>
 Rangkuti, F., 2006. *Analisis SWOT Teknik Membedah Kasus Bisnis*. Jakarta: PT Gramedia Pustaka Utama
 Widyaningrum N. 2003. *Eksplorasi terhadap Pengusaha Kecil Melalui Rantai Hulu Hilir*. *J. Analisis Sosial* 8: 1-28.