

## IFAS & EFAS - Investigating Evaluation Strategies for Facing SMEs Competition

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### Abstract

Small and Micro Small Businesses, especially fried onion SMEs in Kotalama, Malang City have been around for a long time, this makes the population of the area already familiar with making fried onions. In an effort to develop existing businesses, fried onion MSMEs in Kotalama, Malang City, have problems in increasing their business. Constraints that exist in general are the same as those in all MSMEs in general such as market, capital, producing and personal constraints. In order to anticipate and resolve problems that arise, it must be known in advance the appropriate and appropriate way by taking into account the existing environmental situation both internal and external environment. This research is a qualitative research with the techniques to get the data used are: interviews, and questionnaires, interviews are conducted on key figures who are considered to master and explore the existing problems. The key figures in this study were 12 people consisting of: Onion MSME business group, Malang City Cooperative and MSME Office, Academics, Onion Entrepreneurs and the local community. Based on the weight value of Internal Factor Analysis System (IFAS) and External Factor Analysis System (EFAS) from the results of questionnaires and the results of field interviews, the level of the strategy is compiled based on the combination of evaluation strategies that exist with the highest to lowest value. From the results of the field obtained a strategy that is very suitable for increasing the power of SMEs fried onions Kotalama Malang City is Weakness-Opportunity (WO) with the highest weighting value of 3.23. The most suitable strategies in this regard are: Active in participating in MSME product exhibition events to provide information about existing businesses, Maintain a safe situation in a good environment and relationships between business people so that a sense of mutual need arises and develop joint efforts, safeguard and maintain the quality of the products produced to keep customers from running to other places and expand the marketing market, maintain the condition of existing facilities or infrastructure in the business environment, media information / promotional media are made to inform the market such as leaflets, brochures, or other media through cooperation with the government including the SMEs and industry offices to introduce MSME products and seek affordable capital access by facilitating the establishment of community-based microfinance institutions in fried onion MSMEs.

**Keywords:** Small Micro and Medium Enterprises, Fried Onions, Strategy

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### PRELIMINARY

Enterprises that involve households that continue to experience rapid development in the city of Malang, this makes the Malang City Government make a desire to make this city a center of various businesses and industries in order to achieve the city of Malang as an industrial and business city. The government's attention to the development of traditional and modern MSMEs is good enough to begin to be reduced and transferred to the development of the concept of the existing household business industry. The activities carried out are in line with the main objectives of the Malang City Government which will want all household-based businesses to be made large by the establishment of thematic business groups in accordance with existing business fields. In realizing this development desire in an effort carried out by developing the concept of these thematic business industry groups, but the Malang City Government is still faced with various problems including funding in development that is still not good that has been formed or which is still pioneered including efforts to increase business participation a better development strategy to help the needs of the community for the growth and development of industrial MSMEs in the Old City of Malang as well as to expand access to information on MSME fried onions to be more widely known to consumers while being able to attract tourists to come to visit.

The development of small and medium enterprises (MSMEs) has a large share to improve the standard of living of the community, besides SMEs are a strong business in supporting the economy (Kalpande, Gupta, & Dandekar, 2015). SMEs also play a strategic role in economic growth besides that SMEs can also be active and dynamic contributors to the economy. Fried Onion business produced by SMEs in kotalama area also has a very important role in the economy of the surrounding community and the city of Malang. The existence of the business is carried out in almost all communities, especially women in Kotalama, and the products produced on average are distributed or sold directly in markets in the city of Malang. The business of fried onions has been around for a long time and makes people in the area familiar with the ins and outs of processing fried onions. In its development, the business in Kotalama has problems to survive and increase existing businesses. The problems faced are almost

the same as Small and Medium Enterprises (SMEs) in general, such as problems in Marketing, capital, production and human resources. In an effort to increase existing businesses and overcome more specific problems in the business of fried onions, it is necessary to know strategies that are appropriate and suitable to the conditions of the region by taking into account the existing internal and external factors. Therefore, based on the description above, this study took the title "IFAS & EFAS - Investigating Evaluation Strategies for Facing UMKM Competition" Based on the description above, this study has formulated the problem: 1) Internal and external factors of UMKM in Kota Malang? and 2). How is the strategy to increase the competitiveness of MSMEs in the city of Malang?

## LITERATURE REVIEW

### Competitive Strategy

Developing a competitive strategy is the same as developing a general formula about how businesses will compete, what should be the goal, and what policies are needed to achieve these goals. Identification and exploitation of new opportunities is the essence of effort. Intention of strategic management is how opportunities are transformed into competitive advantages (Machmud, 2014; Zahra and Dess, 2001; Venkataraman and Sarasvathy, 2001; Kuratko et al, 2005; Kraus et al, 2011). Methods that can be used in identifying business strategies can be text, multivariate, or typological (Hambrick, 1980; Croteau, et al., 1999).

Porter (1998) suggests that a competitive strategy is a combination of the end (goal) achieved by the tool (policy) where the company gets there. The purpose of a competitive strategy for a business unit in an industry is not an event of misfortune or bad luck, but competition in an industry is rooted in the underlying structure and goes beyond the behavior of existing competitors (Porter, 1998).

- a. Competition among existing companies
- b. The threat of newcomers
- c. Pressure from substitute products
- d. The Bargaining Power of the Buyer
- e. The Bargaining Power of Suppliers

### Generic Competitive Version of the Porter Strategy

To deal with the power of competition (Porter, 1998 (explaining the need for a generic name, which is a fundamental way for companies to achieve profitability above the average company by having sustainable competitive advantage. Generic strategies consist of three types that will potentially successfully overcome other companies in an industry, namely a strategy of overall cost advantages, differentiation and focus.

#### a. Comprehensive Cost Excellence Strategy

a comprehensive cost advantage strategy is used to achieve overall cost advantages in a company / industry through a set of functional policies shown in the main target. Cost advantages of cost effective due to experience, tight control of costs and overhead (other costs), avoidance of marginal customers, and minimizing costs in areas such as R & D, services, fleets sales, advertising and others.

#### b. Differentiation Strategy

The generic strategy is to differentiate products or services offered by the company, namely creating something new that is felt by the industry as a whole as a unique thing. The company will use this strategy if it wants to compete with competitors in terms of unique products and services offered. This uniqueness can be seen from product characteristics that offer the values sought by consumers, so that they become unique and different products in the eyes of consumers.

#### c. Focus Strategy

This strategy is based on the company that will be able to serve its narrow strategic targets more effectively and efficiently than competitors who compete more widely. Companies that choose a focus strategy can generate earnings above average for their income. This strategy can mean that the industry has a low cost position with its strategic targets. Focus on the best target to compete more widely. Companies that choose a focus strategy can generate earnings above average for their income. This strategy can mean that the industry has a low cost position with its strategic targets. Can also be used to focus on the target strategies that are best not vulnerable to not being able to substitute products or where competitors are lower.

## RESEARCH METHODS

This research is a combination of qualitative research by combining the exploration, descriptive, experimental and applied research that is carried out in a comprehensive manner in stages to find out the Strategy of Increasing the Competitiveness of SMEs in Kotalama Fried Onions in Malang City. The focus of this qualitative research study was taken from the concept of Porter 5's strength model consisting of 1) Competitiveness of competitors in the same industry, 2) Threats to enter the market for newcomers, 3) Threat of substitute goods, 4) bargaining power of buyers and 5) bargaining power of competitors. The location of this study was in Kotalama Village, Malang City, with data sources obtained from interviews with key figures such as: Malang City Cooperative and SME Service, Industry Groups, Academics, Onion Entrepreneurs and the surrounding community with 12 key

respondents.

Data collection techniques used in this qualitative research are in-depth interviews by face to face with the informant, by getting a complete picture of the topics studied. The informants in this study were 12 people consisting of: Onion business group, Malang City Cooperative and MSME Office, Academics, Onion Entrepreneurs and the local community. In-depth interviews are conducted with interview guidelines as a data collection tool. Interview guidelines are intended so that the questions submitted by the interview are more focused. Data analysis techniques are used with two methods of analysis, namely (1) Model 5 Strength from Porter (Five Force Low Porter) and SWOT Analysis.

## RESEARCH RESULT

### Preparation of SWOT Questions

The compilation of SWOT questions is based on the formulation of internal indicators and external factors, then the making of SWOT questions. After the question has been made, then the question is given to the resource person (academics) to correct all the questions that have been made. The resource person has the right to eliminate questions that are needed, or add other important questions which are considered important in sharpening the strategy of the questions that have been prepared. There are several additional factors both in the internal and external aspects of the area based on the results obtained from the resource persons as contained in Table 1 and Table 2 below.

**Table 1: Formulation of Internal Factor Identification**

No	IFAS	No	EFAS
1	Ease in obtaining raw materials.	1	Wide market availability
2	Human Resources Capacity (labor)	2	Guaranteed environmental security conditions in managing a business
3	Competitive, because there is no business monopoly	3	Competition and competition are conducive
4	Cooperation and good relations between business actors	4	Government Support
5	Business Location	5	High interest in the need for fried onions
6	Fried Onion Packaging Form	6	Fried onion products from outside Malang
7	Fried Onion Promotion	7	Less than optimal role of business associations
8	Business Management Structure	8	Type of fried onion raw material
		9	Consumer Purchasing Power Decreases
<b>Additional</b>		<b>Additional</b>	
1	Product retention (expired)	1	The absence of appropriate technology assistance
2	Business Capital fried onions		

Source: Research Results, processed (2018)

### IFAS and EFAS Analysis

Based on the results of the respondents' assessment, there were several internal factors that became strengths, the weakness of the fried onion business in Kotalama Village, Malang City. Whereas for external factors which become opportunities and threats for the business of fried onions in Kotalama Village, Malang City can be seen in Table 3 below.

Table 3 IFAS and EFAS business of fried onions in Kotalama Village, Malang City

<b>INTERNAL FACTORS</b>	
<b>Power</b>	<b>weakness</b>
Ease of Raw Materials	Less strategic location
Labor	Packaging
Product Save Power	Promotion that has not been effective
There is no business monopoly	Capital
Cooperation and good relations between business actors	Business Management Structure
<b>EXTERNAL FACTORS</b>	
<b>Opportunity</b>	<b>Threat</b>
Market Available	Onion products from outside Malang
Guaranteed security conditions	Less than optimal role of business associations
Competition and conducive conditions	Type of fried onion raw material
Government Support	Consumer Purchasing Power Decreases
High interest in the need for fried onions	The absence of appropriate technology assistance

Source: Research Results, processed (2018)

living Weight of Internal Factor Analysis System (IFAS) and External Factor Analysis System (EFAS)

After determining the strengths and weaknesses of internal factors as well as opportunities and threats to external factors, then the weighting of the SWOT element IFAS-EFAS can be seen in the following table 4 and 5.

Table 4: IFAS Fried Onion Business

No	Internal Strategy Factor	Weight (W)	Rating (R)	W x R
<b>Power</b>				
1	Ease of Raw Materials	0,08	3	0,24
2	Labor	0,07	3	0,21
3	Product Save Power	0,08	2	0,16
4	There is no business monopoly	0,07	2	0,14
5	Cooperation and good relations between business actors	0,06	3	0,18
	Sub Total (I)			0,93
<b>Weakness</b>				
6	Less strategic location	0,04	4	0,16
7	Packaging	0,03	2	0,06
8	Promotion that has not been effective	0,04	3	0,12
9	Capital	0,05	3	0,15
10	Business Management Structure	0,06	2	0,18
	Sub Total (II)			0,61
	Total (I+II)			1,54

Source: Research Results, processed (2018)

Based on the IFAS matrix above, it is seen that it is easy to obtain raw materials, and the product's storability is the greatest strength for the business of fried onions in Kotalama Malang City, with a weight of 0.08. While the high level of attractiveness is found in the ease of raw materials (0.24) and labor availability (0.21). So that based on the results of the IFAS matrix is 1.54. Thus, the business of fried onions in Kotalama Malang City actually has an attraction that is large enough to be developed, but there still needs to be an effort to improve the weaknesses in the region.

Table 5: EFAS of Fried Onion Enterprises

No	Faktor Strategi Eksternal	Bobot (B)	Rating (R)	B x R
<b>Opportunity</b>				
1	Market Available	0,13	3	0,39
2	Guaranteed security conditions	0,12	3	0,36
3	Competition and conducive conditions	0,14	2	0,28
4	Government Support	0,12	2	0,24
5	High interest in the need for fried onions	0,14	3	0,42
	Sub Total (I)			1,69
<b>Threat</b>				
6	Onion products from outside Malang	0,06	4	0,24
7	Less than optimal role of business associations	0,07	2	0,14
8	Type of fried onion raw material	0,06	3	0,18
9	Consumer Purchasing Power Decreases	0,05	3	0,15
10	The absence of appropriate technology assistance	0,06	2	0,12
	Sub Total (II)			0,83
	Total (I+II)			2,52

Source: Research Results, processed (2018)

On external factors, the greatest weight is given to conditions that are conducive and have high interest in the need for fried onions with a weight of 0.14. Based on these calculations, the EFAS value is 2.52. This means that changes in external factors have a high level of attractiveness to the business development of fried onions in Kotalama Village, Malang City. When compared with the IFAS value, where the EFAS value is smaller than the IFAS value, it indicates that the business of fried onions in Kotalama Village, Malang City has a strong ability to deal with external changes.

### Strategy Formulation

To find out the priorities and the interrelationships between strategies based on the SWOT weighting, the interaction between the external internal strategy is carried out, which can be explained as follows:

The formulation of SO, ST, WO and WT strategies is arranged based on internal factors S and W; and external O and T factors into the IFAS-EFAS SWOT interaction matrix as in Tables 4 and 5. Then based on the SWOT interaction matrix weighting of the assessment is done to determine the priority scale. The composition of

alternative strategies based on the order of priorities can be seen in Table 6.

Table 6: SWOT Business Development Matrix

<i>Strenghts (S)</i>	<i>Bobot</i>	<i>Weaknesses (W)</i>	<i>Bobot</i>
S1 Ease of Raw Materials S2 Labor S3 Product Save Power S4 There is no business monopoly S5 Cooperation and good relations between business actors	0,93	W1 Less strategic location W2 Packaging W3 Promotion that has not been effective W4 Capital W5 Business Management Structure	1,54
<i>Opportunities (O)</i>	<i>Bobot</i>	<i>Treaths (T)</i>	<i>Bobot</i>
O1 Market Available O2 Guaranteed security conditions O3 Competition and conducive conditions O4 Government Support O5 High interest inthe need for fried onions	1,69	T1 Onion products from outside Malang T2 Less than optimal role of business associations T3 Type of fried onion raw material T4 Consumer Purchasing Power Decreases T5 The absence of appropriate technology assistance	0,83
<i>Strenghts - Opportunities (SO)</i>			<i>Bobot</i>
SO1 Increasing the raw material production source network starting from suppliers of raw materials to finished products SO2 Establish good relationships with fellow business people so that it will lead to mutual assistance in terms of meeting market needs SO3 Building synergies with the government, such as requests for assistance in increasing human resource capacity and market reach.			2,62
<i>Weaknesses - Opportunities (WO)</i>			<i>Bobot</i>
WO1 Always active in exhibiting SME products to introduce products on the market WO2 Maintain a situation of security and harmony between business actors so that togetherness in promoting business arises WO3 Maintain quality of product quality and maintain market and increase market area WO4 Improve the condition of facilities or infrastructure in the business area. WO5 Increase promotion such as making leaflets, brochures, or other media WO6 Look for alternative capital by making community-based microfinance institutions			3,23
<i>Strenghts - Treaths (ST)</i>			<i>Bobot</i>
ST1 Improve product quality and durability to prevent consumers from moving to another place ST2 Increase cooperation and coordination with similar business associations ST3 always cooperate with higher education institutions and universities to get and obtain input and assistance about appropriate technology			1,76
<i>Weaknesses – Treaths ( WT)</i>			<i>Bobot</i>
WT1 design appropriate and affordable technology to help improve production techniques such as onion peeler, onion slicer, heat sensor smoker and oil slicer; WT2 There is assistance in training in making product labels, attractive packaging and effective market information in order to increase marketing terms. WT3 Make a business name board on the side of a big road by utilizing RW or other strategic places.			2,37

Source: Research Results, processed (2018)

Based on the weighting of the questionnaire results, the strategy priority is based on a combination of strategies that have the highest value to the lowest, as shown in the following table 7.

Table 7: Alternative Sequences of SWOT Strategies

PRIORITAS	STRATEGI	WEIGHT
I	<i>Weakness – Opportunity (WO)</i>	3,23
II	<i>Strength – Opportunity (SO)</i>	2,62
III	<i>Weakness – Threat (WT)</i>	2,37
IV	<i>Strength – Threat (ST)</i>	1,76

Source: Research Results, processed (2018)

The priority order of the results of the IFAS-EFAS interaction in Table 7 shows that the one that produces the alternative strategy with the highest weight is the Weakness-Opportunity (WO) strategy, this can be interpreted as a strategy that minimizes the weaknesses of fried onion SMEs to take advantage of opportunities that owned. This condition illustrates that the existing local government, managers and entrepreneurs of fried onions have a fairly heavy task, namely increasing the carrying capacity of the environment such as facilities and infrastructure

owned, media information is enhanced and the need for development with conditions that are more favorable to the weakest conditions but utilized to take advantage of the opportunities that exist. The Weakness-Opportunity (WO) strategy based on the IFAS and EFAS SWOT interaction matrix in table 7 has the following policy strategies:

1. Maintain the security and harmony conditions among business actors so that togetherness in promoting fried onion business arises
2. Improve facilities or infrastructure in the environment including business land.
3. Always attend SME product exhibition activities to inform the existence of SMEs Kotalama fried onions.
4. Assisting capital with the provision or manufacture of community-based microfinance institutions in the business area of fried onions. Maintaining the quality of product quality to maintain market and increase market reach;
5. Making media information / promotional media such as leaflets, brochures, or other media through collaboration with the government including the SMEs and industry offices to introduce products;

This study supports research conducted by (Kalpade et al., 2010) which for business survival, MSMEs need to be prepared to face new challenges by adopting the right strategies. IFAS and EFAS (Strengths, Opportunities, Weaknesses, and Threats) analysis is one technique for conducting a more effective analysis to formulate the best strategy. The same thing was conveyed in the results of research conducted by (Prava Das, 2017) in his research saying SWOT Analysis is also important to make SMEs know the weaknesses that exist in a better way and use their strengths to be able to survive in the market in hopes of getting more profits. Another opinion expressed by (Kraja, 2013) that SMEs must understand more and have a strategy because this can help in understanding the current and future situations and knowing clearly what strategies they must do in the face of competition

## CONCLUSIONS AND RECOMMENDATIONS

### Conclusion

Based on the weighting of Internal Factor Analysis System (IFAS) and External Factor Analysis System (EFAS) from the results of questionnaires and interviews, the priority of the strategy is based on a combination of strategies that have the highest to the lowest value. The most appropriate strategy to increase the business competitiveness of fried onions Kotalama Malang City is Weakness-Opportunity (WO) with the highest weight of 3.23. suitable strategies for this are: Always participate in SME product exhibition activities to inform the existence of SMEs Kotalama fried onions, Maintain security and harmony conditions among business actors so that togetherness in advancing fried onion business arises, Maintaining product quality quality to maintain market and increase market reach, Improving facilities or infrastructure in the environment including business land, Creating media information / promotional media such as leaflets, brochures, or other media through collaboration with the government including the SMEs and industry services to introduce Bawang goreng kotalama products and Assist capital with the provision or manufacture of microfinance institutions community-based in the fried onion business area.

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