The Strategy Model of Small Industry Development on Woven Business of Pandanus Mat

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I. Introduction

Strategy is a plan to increase influence on the market, both in the short and long term, which is based on market research, appraisal, product planning, promotion and sales and distribution planning. According to Dunhan, development is an organized effort carried out to improve the living conditions of the community, especially through cooperative efforts and to develop the independence of rural communities, but this is done with technical assistance from the government or voluntary institutions.
To develop small industries in Indonesia, based on the opinion of several marketing experts, it can be described into 5 parts, namely: first, products, in terms of products, SMEs must determine the right product to market. Products made must also be innovative, creative and attractive. To get a product that is popular with the market, do a survey around to get a realistic picture of the product. Both prices, to determine the selling price of the product, you must carefully calculate the costs incurred during the production process. The most important costs in SMEs are capital costs and operational costs. Capital costs include financial institutions or parties that provide credit facilities for your business. Meanwhile, operational costs include employee salaries, raw material costs and production costs. The three locations, the location of SMEs, will certainly determine market interest. By choosing a strategic and ideal location, your UKM will quickly be recognized by the public and it is not impossible that your products will be sold well. The fourth promotion, several UKM have implemented promotion through social media and this is a good first step. The reason is, currently social media is one of the cheap, easy and fast promotional materials. Fifth Human Resources, when you open an SME, make sure that the Human Resources involved in your business are people who understand business. You don't hesitate to do the employee recruitment process well.

Industrial environment is the environment around the industry that includes a set of threat factors from new business managers, suppliers, buyers, substitute goods, and competition intensity among the competitors that directly affects the company, its actions, and competitive responses. Olarewaju, Technology, and Folarin in Agustina (2019).

The pandan mat weaving business in Peureulak District has been carried out from generation to generation by local residents. Until now, in Peureulak District, there are three small industries that produce woven pandanus mats, namely small industries called Bungong Seuke, Bungong Chirih and Layar Terkembang. However, for their development the three small industries still do not have a clear business orientation. From the marketing side, it is very clear that the sales are still using word of mouth to be able to market the products produced so that sales cannot extend far from the production area. The production activities carried out so far are still conventional in nature, using hands to weave them and without the help of other tools. And what is more concerning is that skilled human resources are very minimal in ensuring the continuity of the production process, where so far only the parents are doing the production, but the ability is still not evenly distributed to their offspring.

II. Review of Literatures

2.1 Small Industry

Small and Medium Industries, abbreviated as IKM, are part of household businesses that are managed simply, and are still limited in their management. The employees are a family and involve relatives and neighbors, the management is still managed by one of the family members.

Small Industry is a type of informal business, which is not a legal entity. The establishment of this business entity does not require certain permits and procedures and is free to create a personal / private business without any restrictions to establish it. In general, they have small capital, the type and quantity of production are limited, have a small number of workers / laborers and still use simple technological means of production.

In accordance with Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), the criteria for small and medium enterprises are explained that small businesses are productive economic enterprises that are independent, carried out by individuals or business entities that are not subsidiaries or not a branch of a company that is owned, controlled by, or is a part, either directly or indirectly, of a medium or large business that meets the criteria of a small business. Meanwhile, the definition of medium-sized enterprises is an independent productive economic business carried out by an individual or a business entity that is not a subsidiary or branch of a company that is owned, controlled, or is part of, either directly or indirectly as regulated in law.
2.2 Business Development

According to Suryana (2013: 156), business development can be done as follows:

a. Increasing Economies of Scale
   Increasing economies of scale can be done by increasing the scale of production, labor, technology, distribution systems and business premises. An increase in economies of scale is carried out if the expansion of the business or an increase in output will reduce long-term costs, which means achieving economies of scale.

b. Conversely, if the increase in efficiency, then expanding economies of scale cannot be done because it will encourage an increase in output costs resulting in an increase in long-term costs (diseconomies of scale), then it is not good to do. In other words, if the goods and services produced have reached the lowest point.

c. Expansion of Business Scope
   Expansion of business scope is carried out by adding new types of businesses, products and services that are different from those currently produced (diversification), as well as with different technologies.

   According to Humaizar (2010), based on the way business development is divided into three types, namely:

   1. Upstream or downstream expansion. The direction of business development is adjusted to your current business position. If the business is downstream, the development will be towards the upstream. Strengths: development in this position is younger, because they already know the market, material sources, and technology. Weaknesses: if there is weak demand for products in this business, the sales level will decrease.

   2. Business diversification. Business diversification is developing a business into various types of businesses. Pros: if one type of business experiences a decrease in market demand (loss), then the other business can still cover its losses. Weaknesses: the development of this method is quite difficult to do because you have to learn from the beginning whether the market, material sources, or technology and so on.

   3. Selling the business (franchise). The meaning of selling a business here is selling its patents. This is done when the business already has a patent on a product or service and its marketing concept.

2.3 Development Strategy

According to Hendro (2011), there are several strategies commonly used in business development, namely as follows:

a. Developing the market from the product side

   Developing the market from the product side is the most likely step to be done first because the main product has been introduced and has grown, so that the problem of profitability (ability to get profit) as well as popularity and quality has been accepted in the market. The example is:

   1. Enlarge the variety of products, for example: through bottles, sachets, glasses, and so on.

   2. Through product categories, for example: categories for adults, categories for teenagers, categories for mothers, categories for children, categories for over 50 years of age, and others. Each product category can be distinguished by dosage, size or level, and other things that are tailored to the interests of the user.

   3. Based on product lines, for example: for products with herbal ingredients, for products without preservatives, for products containing DHA or Omega 3, and others.

   4. Based on the function, for example: products for dry hair, products for oily hair, products for normal hair, and others.

   5. Determine new products with new markets. With product development, it is expected that sales will increase because the target market is growing and varies.

b. Developing the market in terms of the sales system

   Many strategies to develop a market are carried out by developing a sales system, including:

   1. Developing an internal sales distribution system, including: 1) Developing themselves, such as: opening new branches in big cities, opening outlets, agents, or the like on their own funds and opening their own distribution channels. 2) Developing through cooperation with other parties,

   2. Developing a marketing network system with other parties, including: 1) Creating a tiered marketing network, MLM (multi level marketing) where consumers are both marketers.
marketing branches) and distributors. 2) Creating, arranging, planning a franchising system by selling the network, operating standards, product brands, company names, popularity, and others. 3) Sub-contractors in part and throughout the marketing process, for example design subcontractors, suppliers, brokers, and others. 4) Operational cooperation or outsourcing for part of marketing activities, for example cooperation between developers and brokers.

3. Develop the market by combining other businesses in one industry. The right way to enlarge the market if you have enough capital and want to become large quickly is acquisitions (taking over another business) and mergers (combining two or more business entities).

c. Develop the market with an integration strategy (unification)

There are two types of integration strategies, namely:

1. Vertical integration (upstream to downstream from the flow industry). Vertical integration is by buying companies into (suppliers, consultants, producers, etc.) or buying companies out of the direction of consumers (distributors, wholesalers, agents, outlets, etc.). Examples are a noodle company that buys a wheat company, a hypermarket company that buys a mini market chain company, and so on.

2. Horizontal integration (between products, between categories). An integrated unification of companies whose products are not the same but support their business success. An example is a shoe company buying a sporting goods company, and so on.

d. Developing the market with synergy

Performing market development by entering into a cooperation agreement between two companies with different markets with the aim of swap markets and strengthening each other because both have their privileges. One company wants to market its products to the market and another company wants to increase potential customers. Examples are banks and insurance, hospitals with insurance, car dealerships with insurance, and others.

According to Gitosudarmo (2011: 115) The word SWOT is an approach from Strength, Weakness, Opportunity, and Threats, which can be translated into: Strengths, Weaknesses, Opportunities and Threats. This translation is often shortened to "KEPAN". In this method or approach we have to think about what strengths we have, what weaknesses are inherent in ourselves or our company then we also have to look at the opportunities that are open to us and finally we must be able to identify threats, disturbances, obstacles, and the challenges (AGHT) that lie ahead of us. Before doing the mindset, the SWOT analysis approach is divided into 3 aspects. The three aspects of this SWOT analysis consist of:

1. Global Aspects

   In this global aspect, we must know our SWOT or our BEFORE which is related to the global aspect, the outline aspect, which is sometimes international in nature and often has religious nuances. This global aspect is closely related to the “Mission” and “Vision” that our company must develop.

2. Strategic Aspects

   This strategic aspect is a more detailed elaboration into a more medium-term work plan (usually 5 years) in order to realize what has been formulated by the global plan above. In this strategic stage, we must be able to think of various alternative strategies that we might do to realize the global design, while still paying attention to the existing SWOT in the organization.

3. Operational Aspects

   Operational aspects are short-term or annual aspects, or even less than a year. This operational plan will describe operationally and in detail the strategic plan. The operationalization of the chosen and determined strategies must be followed up in the form of skills or expertise that must be mastered, forms of training that must be carried out, what kinds of tools must be prepared, as well as who the personalists must do and so on.

III. Research Method

This study uses a descriptive method with a qualitative approach. The data collection technique was done by means of observation, interview and documentation. The data source is primary data obtained directly from the results of interviews with related agencies and managers of the pandan mat woven industry in Peureulak District, hereinafter referred to as informants. The instruments used in this study were field notes and interview guides. The results of the data
obtained from the informants were analyzed using the interactive model of Miles and Huberman with several stages, namely data collection, data reduction, data display and verifying.

In this study, there are two types of data and each type is further divided into two, namely:
1. Potential entrepreneurs, the indicators are: a. Competencies, namely: experience, human skills, learning, perceptual skills. b. Commitment, namely: attention, ambition, adaptation, causes of success, coaching, sacrifice, business interests, outpouring of interest
2. Business strength / competitive position, the indicators are: a. External, namely: opportunities and threats (consumer demand, supply of raw materials, intermediaries, economic conditions, government policies, technology, socio-culture, politics and law, threats to competitors. B. Internal, namely: strengths and weaknesses (production, marketing, finance, resources).

IV. Result and Discussion

Based on the research, the results show that currently Peureulak has three mat-woven industries (which are referred to as groups), namely the Bungong Chirih Group, the Bungong Seuke Group and the Sail Seuke Group. From these three business groups, a Forum Group Discussion (FGD) has been conducted to obtain research data / information. From the data / information obtained, the following discussion can be made:

First, the entrepreneur's potential, consisting of competence and commitment. The competency of the small pandan mat woven industry in Peureulak sub-district has long experience in running a pandan mat woven business. Where this business has been established since 2006 with a total of 20 members, all of whom are housewives in Matang Gleum Village. This group continues to focus its business on the production of woven pandanus mats and is creative in making tissue holders, pencil boxes, pillowcases, tissue boxes, women's bags and sandals from pandan leaves (seuke). This small pandan mat woven industry has participated in exhibitions in Bijing China in 2010. And other exhibitions such as those held by the East Aceh District Government and Peureulak District.

In terms of human skills, the average worker or group member of the Pandan Mat Woven Industry are all very adept at weaving / embroidering panda (seuke) leaves to make mats in various sizes. The process of weaving the mats is done by hand conventionally so that the original is hand made. Conventional sewing machines are used for finishing (tidying) mats. To make the product interesting, a motif that is able to be made by some workers, currently the most famous motif is the terawang model.

For learning that is owned by the Pandan Mat Woven Industry, in the form of being invited to take part in a capacity building training in Banda Aceh in 2016 which was represented by the head of the group and several group members. The group's conceptual skill (planning ability) is good, because the group already has a plan to be able to sell its products outside the region. This is also proven by the large number of woven mat products from this industry, many buyers. Meanwhile, another plan is to make new products still from raw pandanus leaves, but it is constrained by the conventional means of production, namely hand made, so that it cannot be fully achieved. This conceptual skill is owned by members who are young and old who have seen comparable products from industrial products so that they find new ideas as old product creations.

The commitment of the pandan mat woven industry in the form of attention (attention) in terms of business development is very high, this can be seen from the increasing number of group members who want to play an active role in producing woven pandanus mats, but are still dominated by women. The products produced are also more diverse, which initially only produced pandanus mats, but now they have made tissue holders, pencil boxes, slippers and pillowcases as well as car seat mats. Meanwhile, the ambition to be achieved by the Pandan Mat Matting Small Industry is the registration of products as group work in the form of patents / HaKI. Likewise, the ambition to be able to sell products to foreign countries, of course, must be supported by a trademark for woven pandanus mat products.

The adaptability of this industry is very high, it has been proven that during the Covid-19 condition, this business was still able to run well even though there was a decrease in consumer demand, but overall revenue / income was still in balance with the expenditure of the pandan mat woven production process. Another adaptation is no less than pandan mat woven products
compared to factory-made mat products, where the adaptation made in the form of fulfilling consumer desires for the product, for example in terms of color, is still in demand by consumers, as well as the quality of durable products. So that even though times are changing, this industry is still able to fulfill the desires of its consumers.

The factors that cause the success of this small pandan mat plant plant business can be seen if they have the support and guidance from the local government, both in regencies, districts and villages. Another thing that causes success is the good image of this small industry which always produces quality products according to consumer wants and orders. And the price offered is not too expensive, meaning that consumers can still buy it. In terms of location, this industry is like a center for craftsmen for producing woven mats in Peureulak, so that if consumers want to look for mat products, they must be directed to this village where the production of woven mats is made.

Guidance is always provided by the Regency, namely under the guidance of the East Aceh Regency Industry, Cooperatives and SME Service, as well as the sub-district who always accompanies every activity aimed at developing this pandan mat planting business. Capital assistance in the form of revolving business capital was also given to this business in 2016 - 2017 for each group to receive assistance in the range of Rp. 37,000,000, - s.d IDR 65,000,000 and must be returned in installments for 3 years. Another form of guidance is to include the pandanus mat plant industry group in every event / exhibition held at the sub-district, regency or provincial level. Legality and equipment assistance is also provided to strengthen the competitive position of this business. Currently, the pandan mat weaving business also has a village-owned company (BUMG) partner, which was established by agreement with five villages, including the Gleum-Mature Village and the Balee Buya Village as neighbors. So that the products of woven pandanus mats can be sold to the BUMG.

The sacrifice given for the progress and development of this business is that the house of the group leader is used as a place / house for the production of woven mats, because they do not have a special business area to gather in carrying out production process activities. This is also done by group members in the form of every mat product that they want to make to take home to each other for weaving, even though it is not finished 100%, which will be finished at the house of the group leader.

This business interest plays a very big role in creating employment opportunities, especially in Matang Gleum village, Peureulak district. With this business, many mothers have additional income apart from their main business of farming and gardening. And also increase family income from the side of the fathers apart from fishing in the sea.

The main wish in the form of the expected outpouring of interest is that the village (gampong) Matang Gleum is used as a special pilot village for woven pandanus mats or what is called one village one product. And it can be used as a fostered village so that it can be developed more advanced because of the great potential possessed by the village of Matang Gleum as a producer of woven pandanus mats.

Second, business strength / competitive position, from the external and internal side. External (opportunities and threats). From the internal side in the form of consumer demand for woven pandanus mat products from the Small Pandan Mat Woven Industry in Matang Gleum Village (Gampong) is quite large. Consumers who place orders from Lhokseumawe, Banda Aceh, Bireun, Langsa, Sigli. As for those outside the area, orders usually go through an agent who will later distribute the woven mats to outside the province. However, during the Covid-19 pandemic, consumer demand began to decline by 50%, this had an impact on decreasing business income.

Raw material supply is available naturally, that is, there is no warehousing. There are lots of raw materials available because the Pandan Matting Industry has fields of pandanus trees up to 1 hectare scattered in Matang Gleum Village. So that the supply of raw materials is classified as safe, but if certain conditions the demand is beyond estimation and the raw materials that are ready to use are limited, it can be quickly taken from the neighboring village, namely Balee Buya Village, which also has pandan tree fields, although not as much as in Matang Gleum village.

An intermediary is owned in the form of an agent, the role of this agent is to carry consumer orders from outside the city who do not come directly to the production site. However, for consumers who already have the contact number for the pandan mat woven business, the ordered products will be sent via public transportation L-300 as an intermediary. Here too,
BUMG has a role as an intermediary, because if consumers order mats through BUMG, then later this BUMG will accommodate consumer orders to be delivered to the small pandan mat growing industry in the village of Gleum.

The economic condition of the group is currently unfavorable where the Covid-19 pandemic is ongoing. However, under normal conditions, the group's economic conditions are classified as good because there are many orders for mat-plant products that have come so that business income has increased, but currently business income has decreased by 50%.

The government policies provided are in the form of facilities for granting business licenses, filing patents and IPR. Another policy is to allow the small pandan mat woven industry to develop to an international level. The technology used today is very minimal where the technology-related production aids are only sewing machines even though they are conventional. Socio-culture is very supportive of the development of the pandan mat woven industry, where for every house in Aceh, pandanus mats are a necessity. For floor mats in the living room, pandanus mats are often used to welcome guests both in large and small events.

Political and legal means that the support given to business development is always owned for any group business that is comfortable with pandanus mats. The threat of competitors only exists at the level of large industries that produce plastic mats. While from similar businesses, especially in Matang Gleum Village, there is no competition here, because the existing group business originally came from the same group. However, a slight difference is only in terms of price, where there is a slight difference with other groups due to the time when obtaining different raw materials.

From the internal side (strengths and weaknesses). Currently the production of pandanus mat woven industry is still using production equipment by hand made (handmade) which is of good quality. The average production yield is 3-4 pieces of mats measuring 3 x 5 meters per week. Currently the pandan mat woven industry does not yet have a special production house to carry out the production process, but still uses the house of the head of the business group as a gathering place and carries out production activities and the finishing of production products. Other production sites are also used for the houses of the members of each group, which will be collected at the house of the head of the business group.

Marketing is still carried out conventionally, namely word of mouth not yet online and through sales agents and jointly owned BUMG from the five villages (gampong) in Peureulak sub-district, East Aceh Regency, namely Balee Buya village, Gampong Seuneubok Pidie, Gampong Seuneubok Peusangan, Gampong Matang Gleum and Gampong Kuala Leuge. However, the market share of this panda mat woven product has reached an exhibition in Beijing China in 2010. Meanwhile, for the local / regional level, Sudai is marketed to Lhokseumawe, Banda Aceh, Sigli, Bireun, Langsa and Aceh Tamiang. And outside Aceh province, it is marketed by sales agents who take pandanus mat woven products directly to the production location in Matang Gleum village.

The financial condition of the pandan mat woven small industry is currently lacking in order to develop better. This is because currently the business that is still being run only uses private capital which is classified as in dire need of additional capital from the local government. Coupled with the conditions of the Covid-19 pandemic, of course it has a very impact on the finances of business groups by having to continue to fulfill consumer desires but only with limited capital. In terms of financial administration, the business group of the mat and line plant industry does not yet have adequate financial reporting, only conventional in nature, namely personal records carried out by the chairman not in financial accounting.

The human resources that are currently owned are qualified, where the average worker / member of the pandan mat weaving industry group already has sufficient expertise to be able to produce good and quality pandanus mat products. The availability of successors from community members who are able to weave panda mats is also available in Matang Gleum village, so this business can be carried from generation to generation so that it is sustainable.

Currently, inadequate research and development is carried out. As a result, this is the first step by conducting research by us to be able to develop this industry for a better collar and can provide input and suggestions for interested parties to promote and develop a small pandan mat woven industry in Peureulak sub-district, East Aceh Regency.
Based on the results of the discussion above, several conclusions can be drawn as follows:

1. To be able to develop the pandan mat woven industry in Peureulak sub-district, a good cooperation between several parties is needed, namely the East Aceh Regency Government, the Peureulak District Government and the Village Head (Geuchik), Raw Material Providers, Distributors (agents) and Village-Owned Enterprises (BUMG).

2. The East Aceh District Government must play a role in fostering the small pandan mat woven industry in terms of policies that support the development of this industry and provide capital assistance so that this industry can continue to survive even in difficult economic conditions.

3. The District and Geuchik governments must play an active role in mentoring and fostering the mat woven industry to continue to grow by granting legality (business permits) and working capital both in the form of money and equipment for work and always including this industry in every event or exhibition that takes place held by the local government.

4. Provision of raw materials to continue to develop the pandan mat woven industry is guaranteed availability. It is known that this industrial group already has its own land which provides abundant raw material for pandan (seuke). Even if there is a critical shortage of raw materials, it is still easy to get them from a neighboring village that also has pandanus trees.

5. Distributors or agents play an active role in marketing pandan mat woven products and make it easier for people to obtain pandan mat woven products.

**Figure 1. Development Strategy Model**
6. Gampong-owned enterprises must tie closer together as joint-owned enterprises owned by the village (gampong) as a container for the production of woven pandanus mats so that they can be marketed and make it easier for the community to get pandan mats.

7. The Pandan Mat Woven Industry must prepare a reliable workforce expertise, guaranteed product quality, use environmentally friendly technology, improve financial administration, increase production and marketing so that it can meet consumer demand.

References

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