

SWOT Analysis of Padang City MSMEs in the Pandemic Era Covid-19

Irda¹, Reni Yuliviona², Elfitra Azliyanti³, Dahlia Kamener⁴

^{1,2,3,4}Universitas Bung Hatta, Indonesia

irda@bunghatta.ac.id, reniyuliviona@bunghatta.ac.id, elfitraazliyanti@bunghatta.ac.id,

dahliaakamener@bunghatta.ac.id

Abstract

This study aims to analyze a competitive strategy for small and medium business actors in the city of Padang during the Covid-19 pandemic. The observation process was carried out on small and medium enterprises spread across eleven sub-districts in the town of Padang. Respondents in this study were small and medium enterprises in Padang with a total sample of 131 with a sampling technique using the quota sampling method. The analysis technique used is IFA, EFA, SWOT, and QSPM analysis. Based on the study results, it can be concluded that the first quadrant looks to be prioritized and used as a strategy (SO). Strategy (ST) improves product quality to anticipate competitors from within the province and other regions. Strategy (WO) is implemented by encouraging business stability. Strategy (WT) in participating in banking programs to increase creative business.

Keywords

SWOT analysis; small and medium enterprises; competitive strategy; covid-19 pandemic.



I. Introduction

One of the economic forces supporting the Indonesian economy are business, micro, small and medium enterprises (MSMEs). MSMEs are necessary in maintaining, increasing the contribution of regional economic growth, and increasing revenue in the state tax sector, besides being supported by large-scale industries, is also significantly supported by small-scale industrial groups (Suci et al., 2017).

The Covid-19 pandemic caused everyone to behave beyond normal limits as usual. One of the behaviors that can change is deciding the decision to choose a college. The problem that occurs in private universities during covid 19 is the decrease in the number of prospective students who come to campus to get information or register directly to choose the department they want. (Sihombing, E and Nasib, 2020)

As the COVID-19 pandemic outbreak in early 2020, affect the world economy, including Indonesia, to experience a recession, including SMEs, resulting only a small number of SMEs have been able to run and develop businesses. In addition to experiencing obstacles in business due to the covid pandemic, this condition also opens up new business opportunities; it is a phenomenon that occurred during the COVID-19 pandemic, including SMEs in Padang. According to the Indonesian MSME Association (Akumindo), the growth of small businesses occurred during the Corona Virus spreading in Indonesia; people who lost their jobs or get salary cuts were forced to find other ways to fulfill their daily lives. This condition is caused by several factors, such as prolonged social society, declining numbers, or including expenditures. The data show from 64 million micro and small entrepreneurs in Indonesia, around 30 million are forced to close their business or reduce the number of employees. This occurred due to several factors, such as prolonged social distancing. (<https://kabar24.bisnis.com/read/20201107/79/1314818/bangkit-dari-pandemi-ini-kisah-perjuangan-umkm-di-tengah-covid-19>).

Before the COVID-19 pandemic outbreak, the Micro, Small, and Medium Enterprises (MSME) sector contributed to the increasing gross domestic product (GDP) in the last five years. The Ministry of Cooperatives and Small and Medium Enterprises (UMKM) noted that the contribution of the MSME sector increased from 57.84 percent to 60.34 percent, and the absorption of labor in the MSME sector increased from 96.99 percent to 97.22% in the last five years (Industry, 2020).

Apart from all those difficulties, the impact of the COVID-19 pandemic brings a new opportunity for the growth and development of SMEs being supported by the development of information technology. SMEs can use online marketing media for marketing their products and services (Febriyantoro & Arisandi, 2018) and improve all aspects of the study, including management, finance, and production. In Padang, the information and communication sector throughout 2020 continued to grow despite the COVID-19 pandemic it still increases compared to 2019. The information and communication sector experienced significant growth. If in 2019 it only grew by Rp. 4,608 trillion, 2020 rose to Rp. 5.112 trillion or an increase of Rp. IDR 503.77 billion (<https://sumbar.antaranews.com/berita/420818/meski-di-tengah-pandemi-covid-19-sektor-komunikasi-di-padang-tetap-tumbuh>).

This study aims to analyze the business strategies of SMEs in Padang during the covid 19 pandemic. An analytical study using SWOT analysis seeks to obtain the business strategies of SMEs by involving information on internal and external business factors (Al Badi, 2018; Saing et al., 2020).

SWOT analysis is a process of identifying various kinds of problems to find a solution that is useful for business progress (Saing et al., 2020). SWOT analysis is a process of identifying various kinds of problems to find a solution that is useful for business progress (Saing et al., 2020). SWOT analysis is a strategic planning technique for evaluating strengths and weaknesses, opportunities, and threats in a business. Therefore, it is necessary to have a method for formulating business strategies, especially during the current pandemic SMEs have not thoroughly carried out the transition to digital marketing.

The World Bank divided MSMEs into three types, including: 1) Micro-enterprises (10 employees); 2) Small business (number of employees 30 people); 3) Medium enterprises (number of employees up to 300 people). From a business perspective, MSMEs are classified into four groups, namely: a) MSMEs in the informal sector, for example, street vendors; b) Micro MSMEs are MSMEs with craftsmanship abilities but lack the entrepreneurial spirit to develop their businesses; c) Dynamic small businesses are SMEs that are capable of entrepreneurship by establishing cooperation (accepting sub-contract work) and exports; d) Fast-moving enterprises are MSMEs that have capable entrepreneurship and are ready to transform into big businesses (<https://infoukm.wordpress.com/2008/08/11/definisi-dan-kriteria-ukm-menurut-lembaga-dan-negara-asing/>)

The SME sector has significantly improved in the last decade as various actors have come to support the growth and survival of small businesses. Various government policies have failed to achieve the desired results due to the lack of pre-consultation prior to implementing these policies and the lack of serious commitment by the government to support the sector. (Dlamini & Schutte, 2020)

Strategy formulation is used by the companies to determine the strategy that will be used to achieve the set goals (Saing et al., 2020). Essential strategy formulation techniques can be integrated into a three-stage decision-making framework, stage 1 in the strategy formulation framework consisting of an External Factor Evaluation (EFE) Matrix, an Internal Factor Evaluation (IFE) Matrix, and the Competitive Profile Matrix (CPM), this

stage is called the Input Stage. This stage summarizes the basic information needed to formulate a strategy (Helmi & Ali, 2020). For the stage 2, the Matching Phase focuses on creating viable strategic alternatives considering external and internal factors. Stage 2 techniques include the Strengths – Weaknesses – Opportunities – Threats (Strength – Weakness Opportunities – Threats - SWOT) Matrix, Strategic Position, and Action Evaluation-SPACE Matrix, Boston Consulting Group (BCG) Matrix, Internal Matrix - External (Internal - External-IE), and the Grand Strategy Matrix.

Stage 3, called the Decision Stage, and involves only one technique, namely the Quantitative Strategic Planning Matrix (QSPM). The QSPM uses the input information from Stage 1 to objectively evaluate the alternative strategies identified in stage 2. The QSPM demonstrates the relative attractiveness of various alternative strategies and thus, provides an objective basis for the selection of alternative strategies (Peningkatan et al., 2018)

QSPM Matrix the Quantitative Strategic Planning Matrix was created to determine which alternative strategy is the best and most attractive for the company (Peningkatan et al., 2018). This QSPM creates attractiveness values for each strategy. As a result, the ranking of strategies can be seen for the company could apply later.

II. Review of Literature

(Wibowo et al., 2015) defines marketing strategy is the process of determining a company's marketing plan that focuses on long-term goals accompanied by preparing a method or effort on how these goals can be achieved. In addition, according to (Prayudi & Yulistria, 2020) marketing strategy is a plan that outlines the company's expectations of the impact of various marketing activities or programs on demand for products or product lines in specific target markets. So, it can be concluded that the marketing program includes marketing actions that can affect the demand for the product, including changing prices, modifying advertising campaigns, designing special promotions, determining the choice of distribution channels, and so on. Furthermoe, (Wibowo et al., 2015) argue market segmentation is the process of dividing the market into different groups of buyers based on needs, characteristics, or behavior that requires a separate product mix and marketing mix. Alternatively, market segmentation is the basis for knowing that each market consists of several different segments.

III. Research Method

This study used qualitative approach. The qualitative approach method is scientific research that aims to understand a phenomenon in a social context naturally by using a process of deep communication interaction between researchers and the phenomenon under study (Febriyantoro & Arisandi, 2018). In this study, the researcher used exploratory, descriptive qualitative research methods. The exploratory, descriptive method is research that describes a phenomena (John W.Cresswell, 2014).

The time and place of this research were carried out in April and June 2021. By using respondents as many as 131 SMEs in the city of Padang with a sampling technique using the quota sampling method. The types of data used in this research are primary and secondary data.

The procedure of this research involved 3 stages: the preparation stage, the implementation stage, and the analysis stage. In this preparatory stage, the researcher

prepares a research proposal, compiles the steps that researchers must take during and after research on MSMEs. The implementation stage is the core stage of research to carrying out everything that has been planned. From this stage, research data will be obtained to determine research results (Dlamini & Schutte, 2020). The last stage is data analysis of the data obtained from the research.

IV. Results and Discussion

4.1 Respondents Descriptive Analysis

Based on the data tabulation process, the gender characteristics of the respondents in this study can be grouped as shown in Table 1.

Table 1. Demographic Characteristics of Respondents

Description	Quantity	Percentage (%)
Based on gender		
Boys	83	63,36
Girls	48	36,64
Total	131	100
Based on education level		
Elementary School	7	5,34
Junior High School	9	6,87
Senior High School	97	74,05
Undergraduate/ S1	18	13,74
Postgraduate	0	0,00
Total	131	100
Based on part time job		
Teacher	8	6,11
Accessories seller	4	3,05
Daily needs seller	7	5,34
Nasi Uduk/Fried fish (<i>pecel lele</i>) seller	4	3,05
Phone counter cashier	4	3,05
Government employees	6	4,58
Not Having a part time job	98	74,81
Total	131	100

Description	Quantity	Percentage (%)
Based on business period		
< 1 Years	4	3,05
1 – 3 Years	29	22,14
4 – 5 Years	29	22,14
6 – 10 Years	30	22,90
> 10 Years	39	29,77
Total	131	100
Based on region		
Padang	131	100
Entire West Sumatra Region	0	0
Within Province and Outside Province	0	0
Domestic and International	0	0
Total	131	100
Based on the number of workers	Quantity	Percentage (%)
Independent Worker	43	32,82
1 People	29	22,14
2 – 3 People	34	25,95
4 – 5 People	13	9,92
> 5 People	12	9,16
Total	131	100
Based on turnover	Quantity	Percentage (%)
< Rp 250.000.0000	131	100
Rp 250.000.000 – 500.0000.000	0	0
Rp 500.000.0001 – Rp 1.000.000.000	0	0
> Rp 1.000.000.000	0	0
Total	131	100
Based on the next generation of business	Quantity	Percentage (%)
First	119	90,84
Second	9	6,87
Third	3	2,29
Total	131	100
Based on business field	Quantity	Percentage (%)
Service	40	30,53
Manufacturing	47	35,88
Trading	44	33,59
Total	131	100
Description based on business form	Quantity	Percentage (%)
Sole proprietorship, (PO)	91	69,47
Commodity Company (CV)	6	4,58
Without legal law	34	25,95
Total	131	100

Table 1. Shows 63.36% of SME actors in Padang are male and 36.64% female. This means that men have more opportunities than women to work in the SME sector. For formal education, 74.05% of SMEs in Padang City have a formal education level at the high school level. Education is one factor that affects the owner's ability to manage his business efficiently; adequate education will make it easier for the owner/entrepreneur to accept changes and adapt to the environment. The more educated and experienced the owner/entrepreneur will contribute to business performance. Based on respondents' answers, it was found that only 3.05% of those who had just started their business in the creative business sector / less than a year had been running, other than that it had been running for several years. To survive, SMEs need time to develop. Most of the respondents (43%) have their own developed business without using the services of employees or working independently. While other respondents have their developed businesses without using the services of employees or work independently, as many as 43 respondents or 32.82%, while the respondents at least have more than 5 employees as many as 12 respondents or 9.16%.

From the table, it can also be seen that all SMEs participating in this study have an annual turnover of under Rp. 250,000,000. Most of the micro-scale SMEs developed by the respondents were the first generation, namely 119 respondents or 90.84%. In comparison, the other 3 respondents, or 2.29%, admitted that the business development had been carried out for three generations.

The type of business unit developed by the entrepreneur carried out manufacturing activities, namely 47 respondents or 35.88%, and the remaining 40 respondents or 30.53%, carried out business units in the service sector. In comparison, 44 other respondents, or 33.59%, carried out business activities in the trade sector.

Table 1.1 also shows that most SMEs developed by respondents are individual businesses, as many as 91 respondents or 69.47%, while 34 respondents or 25.95%, have business units that are not legal entities. Only 6 micro-businesses are developed with the legal status entity.

4.2 Data analysis

Before implementing SWOT analysis (strengths, weaknesses, opportunities, threats), the research instrument is first tested using a Likert scale. Variable instrument testing uses two test models, namely validity and reliability (John W.Cresswell, 2014). Validity testing aims to determine the truth of what is being measured (John W.Cresswell, 2014).

4.3 Validity and Reliability Test

Using the model construct, validity testing is tested on each question item that supports each SWOT variable. Based on the test results obtained the following results:

Table 2. Validity Test

Variable	Question Item	KMO	Factor Loading	Cut Off	Conclusion
Internal Aspect (Strength)	Strength _1	0,601	0,755	$\geq 0,30$	Valid
	Strength _2		0,880	$\geq 0,30$	Valid
	Strength _3		0,742	$\geq 0,30$	Valid
	Strength _4		0,432	$\geq 0,30$	Valid
Internal Aspect (Weakness)	Weakness _1	0,555	0,846	$\geq 0,30$	Valid
	Weakness _2		0,793	$\geq 0,30$	Valid
	Weakness _3		0,401	$\geq 0,30$	Valid
	Weakness _4		0,359	$\geq 0,30$	Valid

	Weakness_5		0,384	$\geq 0,30$	Valid
External Aspect (Opportunity)	Opportunity_1	0,697	0,897	$\geq 0,30$	Valid
	Opportunity_2		0,660	$\geq 0,30$	Valid
	Opportunity_3		0,610	$\geq 0,30$	Valid
	Opportunity_4		0,566	$\geq 0,30$	Valid
	Opportunity_5		0,702	$\geq 0,30$	Valid
	Opportunity_6		0,697	$\geq 0,30$	Valid
	Opportunity_7		0,702	$\geq 0,30$	Valid
External Aspect (Threat)	Threat_1	0,544	0,648	$\geq 0,30$	Valid
	Threat_2		0,777	$\geq 0,30$	Valid
	Threat_5		0,698	$\geq 0,30$	Valid
	Threat_6		0,396	$\geq 0,30$	Valid

Based on the process of validity testing results, it can be seen that each research variable tested has a Keiser Meyer Olkins (KMO) value above 0.50 (Joseph F. Hair,Jr, G.Tomas M. Hult, 2016), while the loading factor possessed each question item has been above or equal to 0.30 thus it can be concluded that all question items used are valid so that they can continue to be used into further data processing stages.

After all the question items are valid, the reliability testing phase can be carried out immediately. Reliability testing can be done using the help of Cronbach Alpha. Based on the results of the tests that have been carried out, the results are in Table 1.3 below:

Table 3. Reliability Test Results

Variable	Cronbach Alpha	Conclusion
Strength	0,659	<i>Reliable</i>
Threat	0,620	<i>Reliable</i>
Opportunity	0,821	<i>Reliable</i>
Weaknesses	0,659	<i>Reliable</i>

In table 1.3 it can be seen that each valid research variable has a Cronbach Alpha value above or equal to 0.60 so it can be concluded that all research variables used have good reliability, therefore all these variables can continue to be used in the processing stage (further data)

4.4 Frequency Distribution of Respondents' Responses

Before implementing a SWOT analysis, it is necessary to know the answer scores for each question item used in making SWOT. In general, the frequency distribution carried out can be seen from the description of the frequency distribution of each internal strategy factor and external strategy factor.

Based on the observation process that has been carried out as well as tabulation and data processing that has been carried out, it can be described the score of answers given by respondents for each question item related to internal strategy factors as shown in Table 4

Table 4. Frequency Distribution of Internal Strategy Factors

No	Internal Analysis	S		TS		N
		Fi	%	Fi	%	
Management						
1	There is an appropriate organizational structure	0	0.00	131	100.00	131
2	There is specialization of work (job desk)	131	1.00	0	0.00	131
Marketing						
3	The company has an effective advertising and promotion strategy	18	0.14	113	86.26	131
4	Current distribution channels are reliable	127	0.97	4	3.05	131
5	The quality of products based on consumer preference	131	1.00	0	0.00	131
6	Product innovation	127	0.97	4	3.05	131
7	Products have their own characteristics	127	0.97	4	3.05	131
Product Operation						
8	Workers in business locations	131	1.00	0	0.00	131
9	Availability of raw materials at business locations	123	0.94	8	6.11	131
10	Ease of obtaining raw materials	131	1.00	0	0.00	131
11	Industrial location close to the market	131	1.00	0	0.00	131
12	The technology used is adequate	131	1.00	0	0.00	131
13	Industry has been able to fulfill consumers' demand	127	0.97	4	3.05	131
14	The supply of raw materials is adequate and reliable	131	1.00	0	0.00	131
Financial/ Accounting						
15	Industry has sufficient financial capital	127	0.97	4	3.05	131
16	Easy access to loans from banks	8	0.06	123	93.89	131
17	Financial report or bookkeeping existence	8	0.06	123	93.89	131
Human Resources						
18	Skilled and experienced labor	131	1.00	0	0.00	131
19	Regeneration of productive labor is still available	131	1.00	0	0.00	131
20	Working hours based on government regulations	21	0.16	110	83.97	131
21	The wages based on the minimum wage set by the local government	128	0.98	3	2.29	131

Table 4 shows that the internal analysis in the SWOT consists of assessing the strengths and weaknesses of the SME management process Padang. In assessing internal strategy, it is seen from several aspects, including management, marketing, operations, financial accounting, and human resources. Based on the frequency distribution process that has been carried out, it can be seen that several weaknesses of SMEs developed do not have a clear organizational structure. All respondents stated this statement was adequate; the report was recognized by 113 people or 86.26% of respondents. Weaknesses are also

seen in the accounting and financial aspects. Where most SMEs do not have the convenience of accessing loans or assistance from financial institutions such as banks, each creative business unit does not have financial reports that can be used to assess performance. This statement was stated by 123 people, or 93.89% of respondents. Weaknesses also occur in the aspect of human resources wherein the working hours used for business activities do not have definite standards. This statement was stated by 110 people, or 83.97% of respondents.

Table 4 shows several advantages that are owned by entrepreneurs and micro-business units that are run, including the specialization of work, the ability of entrepreneurs to develop quality products according to consumer tastes, ease of obtaining labor, sources of raw materials, close business development. With the market, adequate technology, skilled, adequate workforce, and a high human resource regeneration system. All participating respondents agreed on each statement.

4.5 External Strategy Distribution

Based on the frequency distribution process, it can be seen that in analyzing the strengths, there are still several shortcomings, especially related to government, legal, and political indicators, based on the data identified that in general creative business actors have never received CSR assistance from companies that exist around Padang.

Furthermore, based on the observations that have been made, it can also be seen that most SME actors assess that the existence of substitute products around the industrial complex is not a significant threat; this statement was acknowledged by 93 people or 70.99% of respondents. The data distribution process also identified that most of the respondents did not supply raw materials from outside the area because the raw materials needed were sufficiently available around the business location. 97 people or 74.05% responded to the statement. A complete description of the responses given by respondents to the development of external strategies is shown in table 1.5

Table 5. Frequency Distribution of Internal Strategy Factors

No	Internal Analysis	S		TS		N
		Fi	%	Fi	%	
Economic Strength						
1	Supportive economic conditions	131	100	0	0.00	131
2	Increasing public consumption	127	97	4	3.05	131
3	Fluctuations in prices of basic materials and prices of supported materials	127	97	4	3.05	131
Demographic and Environmental Socio-Cultural Quality						
4	Consumer preference are change quickly	131	100	0	0.00	131
5	Population increase	131	100	0	0.00	131
6	Favorable security and social conditions	131	100	0	0.00	131
Political, Government and Law Power						
7	Government programs to access payments easily	131	100	0	0.00	131
8	Provision of labor training and support by the relevant agencies	131	100	0	0.00	131
9	Promotion assistance beyonf the region by Pariaman Regency government	131	100	0	0.00	131
10	The existence of CSR help by the	4	3	127	96.95	131

	private sector					
Technological Power						
11	The development of advance modern technology	126	96	5	3.82	131
Industry Competition						
12	There is a lot of competition in the market	125	95	6	4.58	131
13	Products can be distinguished from other products	121	92	10	7.63	131
Threat of Newcomer Industry						
14	Newcomer industry easily enter the market	124	95	7	5.34	131
15	A large quantity of production is required to increase the value	120	92	11	8.40	131
Threat of Substitute Products						
16	There are substitute products that are easy to find in the market	106	81	25	19.08	131
17	The price of substitute products is cheaper than the company's products	38	29	93	70.99	131
Bargaining Power of Suppliers						
18	The industry has many options for determining suppliers	101	77	30	22.90	131
19	The suppliers from local region	105	80	26	19.85	131
20	The suppliers from another region	34	26	97	74.05	131
Bargaining Power of Buyers						
21	Customer loyalty to products in Pariaman	102	78	29	22.14	131
22	Buyers come from Pariaman area	111	85	20	15.27	131
23	Buyers come from another region, except Pariaman	32	24	99	75.57	131

Table 5 also shows that most SME actors deny that one of their market powers comes from buyers from Padang. This statement was acknowledged by 99 people or 75.57% of respondents. In the measurement of the frequency distribution, it is also seen that the main strength possessed by SMEs Padang lies in the supportive economic conditions, the quality of social, cultural, demographic, and environmental factors, such as the increase in population growth, and the continued improvement in public consumption patterns, as well as the strength of the community. In the frequency distribution, it is also seen that, SMEs recognize the high level of competition, the role of modern technology in the development of SMEs, and domestic laws and politics support small and medium enterprises.

Table 6. Internal and External Analysis of SME Development in Padang

No	SWOT			
	Internal Analysis			
	Strength	Mean	Weakness	Mean
1	There is job specialization	4.10	Lack of promotional media	2.87
2	Quality of products based on consumer preferences	4.60	Access to industrial/SME locations is difficult	2.72
3	The labor close to the business location	3.71	Difficult to increase financial capital	3.87
4	Working hours based on government regulations	2.44	No financial report	2.70
5	Kemudahan akses bahan baku	2.44	The salary for labor are not based on UMR	2.79
6	There is a product innovation process	3.02		
7	Skilled and experienced labor	3.90		
Eksternal Analisis				
	Opportunity		Threat	
1	Supported economic condition	2.53	Fluctuations in prices of raw and supported materials	3.89
2	Public consumption is increase	2.40	Substitute products are available	3.88
3	Population increases	2.58	Products are easy to imitate	3.61
4	The technology used is advance	2.68	There are newcomers' industry	2.71
5	Ease of access to raw materials	3.22	Regeneration of productive labor is difficult	3.85
6	Market share is still wide	2.95	There are competitors from other regions	3.90
7	Training purchase by related agencies	2.82		

The table shows that each SWOT element has a coefficient value. In the SWOT analysis, there are two analytical models, namely internal analysis consisting of strengths and weaknesses, while external analysis is supported by elements, there are opportunities and threats.

Table 7. Internal Analysis Based on the Level of Interest

No	Strength	Score
Strength		
1	Product quality based on consumers needs	4.60
2	There is job specialization	4.10
4	Skilled labor is based on their experiences	3,90
3	The labor is close to the location	3.71
5	The existence of a product innovation process	3,02
6	Working hours based on government's	2,44

	regulations	
7	Easy access to raw materials	2,44
Weakness		
1	Difficult to increase financial capital	3,87
2	Lack of promotional media	2.87
3	The salary for workers does not match the UMR	2.79
4	Access to industrial sites is difficult	2.72
5	No financial report	2.70

Table 7 shows that in analyzing the identified strengths, the main strength of the development of SMEs in Padang lies in the quality of products that are suitable for consumers, the resulting score is 4.60. Moreover, the second most crucial strength that can increase the development of SMEs in Padang is the specialization of work, the average the resulting average score is 4.10, while the weakest strength that SMEs have not optimized is working hours by government regulations or stipulations and the ease of obtaining raw materials.

In analyzing the weaknesses, the main weakness examined are fix the difficulty for business actors to increase working capital; the score obtained was 3.87. Another weakness that SMEs must address is the lack of promotional media; the average score obtained is 2.87. In analyzing the weaknesses, identify weaknesses that are not paid much attention to creative business actors are the absence of financial books or accounting systems that help them in their work.

After examining the company strengths and weaknesses as part of the internal analysis, it is necessary to conduct an external investigation. The following are various opportunities and threats based on the level of importance shown in Table 1.8.

Table 8. External Analysis Based on the Level of Interest

No	External Analysis	Score
Opportunity		
1	Ease access of banking	3.22
2	The market share is still wide	2.95
3	Purchase of training by related agencies	2.82
4	The technology used is increasingly modern	2.68
5	Population increase	2.58
6	Economic conditions are support	2.53
7	Public consumption is increase	2.40
Threat		
1	There are competitors from other regions	3.90
2	Fluctuations in prices of raw and supported materials	3.89
3	Substitute products are available	3.88
4	Regeneration of productive labor is difficult	3.85
5	There are newcomers' industry	2.71
6	Products are easy to imitate	3.61

In the table 1.8, it can be seen that in analyzing opportunities, the essential point that SMEs must utilize is the ease of access to banking; the average score obtained is 3.22, the second level of importance can be seen from the availability of a significant market share, the average score obtained is 2.95. Furthermore, in analyzing the opportunity, the lowest score can be seen in the statement that public consumption continues to increase with an average score of 2.40. Creative business actors can still manage options to improve the development of the business units.

In analyzing the weaknesses, it was identified that the weakness that SME business actors must address is to think of ways to overcome competitors from other regions; the average score obtained is 3.90. The second weakness that must be addressed is the increase in raw material prices. The average score obtained is 3.89; a significant threat is also associated with substitute products, and the regeneration of productive workers is very difficult.

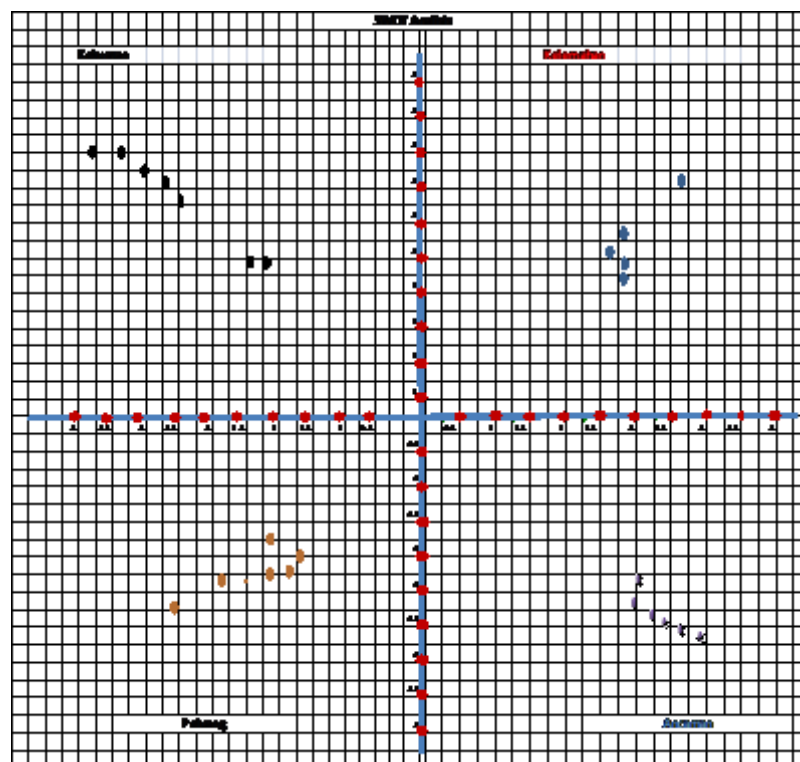


Figure 1. SWOT Matrix

Figure 1 shows the distribution pattern of SWOT matrix for the SMEs development in Padang. The figure define that each SWOT element that can be observed from the internal analysis consisting of strengths and weaknesses has different variations of interest. The external analysis model includes an analysis of opportunities and threats.

4.6 Expansion Strategy (SO)

Based on the first quadrant, there are several essential items must be prioritized and made to build a Strong and Opportunity (SO) strategy. This strategy is an expansion model to increase business existence (Dewi, 2019). This strategy is used to improve product quality. Quality improvement and product quality can certainly be made by carrying out product innovation activities. To create an innovation process, a fresh funding is needed. Therefore, entrepreneurs must take advantage of various banking programs that provide funds for developing micro-scale business units.

Product development through innovation is not only to improve product quality, but also to gain a broader market share. To create right order within the company and develop an SME business, each entrepreneur must have an innovative specialized product or have unique characteristics that distinguish one product from another. Efforts to increase product specialization must also be supported by training for each entrepreneur. In this case, SME entrepreneurs can participate in entrepreneurship workshops and activities conducted by the Ministry of Industry.

SME entrepreneurs can participate in entrepreneurship workshops and training conducted by the Ministry of Industry. Through the use of technology, it will undoubtedly encourage an increase in the amount of production, which can provide higher opportunities for increasing the sales and profits of entrepreneurs. The use of sophisticated and modern equipment is also shown to keep pace with the increasing market demand and rising economic growth. Through the help of technology, companies can save time and create regular working hours for workers. Through a combination of strengths and opportunities, it is hoped to develop an appropriate and accurate strategic step to encourage the growth and recognition of the existence of SMEs in Padang.

4.7 Diversification Strategy (ST)

The diversification strategy is a combination of strengths and threats faced by SMEs, especially in Padang. ST strategy considerations are used to improve product quality to anticipate competitors both from within the province or from other regions. A diversification strategy is also carried out by creating product advantages through a specialization process. To ensure that production is not disrupted, entrepreneurs must arrange suppliers who provide raw materials; in this case, entrepreneurs must have good relations and cooperation with suppliers.

SME entrepreneurs must also be able to take advantage of the abundance of labor and their potential and quality at work. To create high quality product to reduce the impact of substitute products. In addition to the availability of raw materials and collaboration with suppliers, it will undoubtedly help the adverse effects of substitute products and newcomer products that could dominate market share of creative entrepreneurs. Besides that, the use of quality human resources will undoubtedly help the company develop modern technology to encourage product quality improvement.

Another essential thing that SME entrepreneurs must consider is setting working hours. This step is crucial to encourage effectiveness in work. Planning the proper working hours will undoubtedly create a better work spirit and time discipline, thus enabling the company's significance to increase production with stable product quality.

4.8 Stability Strategy (WO)

The stability strategy (WO) aims to encourage business stability or the existence of creative businesses. The stability strategy is undoubtedly done by combining weaknesses and opportunities. In this case, SME entrepreneurs must try to reduce or remove their shortcomings. The main disadvantage of SME entrepreneurs is difficult for them to get financial capital. This is due to the lack of good relations between entrepreneurs and banks. Moreover, another important step that entrepreneurs must take is to find good relations with banks. This can be done by participating in banking programs related to micro business units (MSMEs) or creative businesses development. This step is the beginning for entrepreneurs to create good relations between entrepreneurs and banks.

SME actors must also use marketing media as a promotional tool or create a positive impression in consumers of the product; this is important to increase market share

considering the consumer market is still vast based on different segments. Entrepreneurs must also improve access to business locations, such as roads, availability of transportation, and means of communication. In addition, entrepreneurs must have financial reports that can be used as an evaluation tool to increase or decrease business performance. In addition, the use of financial statements can also act as a tool to encourage the determination of the scale of production. A business scale will certainly promote regular use of machines and working hours in the industry.

4.9 Diventive Strategy (WT)

The strategy that must be carried out includes participating in banking programs to increase creative businesses; funds obtained from banks are beneficial for improving product quality and inhibiting competitors from other regions from controlling the consumer market in Padang. In addition, SMEs must also look for relatively cheap suppliers and have optimal raw material availability, considering that the availability of raw materials is essential to balance the increasing market demand. The raw materials that should be provided are the primary or supported raw materials.

The growing national economy is undoubtedly the foremost opportunity for creative businesses to survive in the long term and even support the regional growth rate for a long time. To continue to increase the market, SME entrepreneurs are expected to use marketing media to promote products. In addition, entrepreneurs must also be supported by reliable, qualified, and experienced personnel who can assist in using machines based on technology and information. Thus, the better use of technology will create efficiency and effectiveness.

V. Conclusion

Based on the study results, it can be concluded that in the first quadrant, it is seen that it must be prioritized and made into a strategy (SO). Strategy (ST) improves product quality to anticipate competitors both from within the province or from other regions. Strategy (WO) encourages business stability. Strategy (WT) in participating in banking programs to increase creative business.

Acknowledment

The research team would like to thank Bung Hatta University for the opportunity that has been given to the team in researching following the research contract 091/LPPM-Penelitian/Hatta/IV-021.

References

- Al Badi, K. S. (2018). The Impact of Marketing Mix on the Competitive Advantage of the SME Sector in the Al Buraimi Governorate in Oman. *SAGE Open*, 8(3). <https://doi.org/10.1177/2158244018800838>
- Dewi, N. M. C. K. (2019). Strategi Ekspansi PT. Garuda Indonesia Tbk melalui Kolaborasi Internasional dengan SkyTeam Airline Alliance. *Jurnal Hubungan Internasional*, 12(1), 77. <https://doi.org/10.20473/jhi.v12i1.12259>
- Dlamini, B., & Schutte, D. P. (2020). An overview of the historical development of Small and Medium Enterprises in Zimbabwe. *Small Enterprise Research*, 27(3), 306–322. <https://doi.org/10.1080/13215906.2020.1835704>
- Febriyantoro, M. T., & Arisandi, D. (2018). Pemanfaatan Digital Marketing Bagi Usaha Mikro, Kecil Dan Menengah Pada Era Masyarakat Ekonomi Asean. *JMD: Jurnal*

- Riset Manajemen & Bisnis Dewantara*, 1(2), 61–76.
<https://doi.org/10.26533/jmd.v1i2.175>
- Helmi, F., & Ali, H. (2020). Strategi Peningkatan Ketahanan Pangan Dalam Menghadapi Pandemi Covid-19 Di Kota Bukittinggi. *Jurnal Benefita*, 5(3), 366.
<https://doi.org/10.22216/jbe.v5i3.5480>
- Industry, M. (2015). *Strategic Planning of Ministry of Industry 2015-2019*. 1. www.kemenperin.go.id
- John W. Cresswell. (2014). Research Design. In *SAGE Publications, Inc.* (Vol. 91).
- Joseph F. Hair, Jr, G. Tomas M. Hult, C. M. R. (2016). A Primer On Partial Least Squares Structural Equation Modeling (PLS-SEM). In *Practical Assessment, Research and Evaluation* (Vol. 21, Issue 1). SAGE Publications, Inc. <https://doi.org/10.1108/ebr-10-2013-0128>
- Peningkatan, S., Lulusan, M., Studi, P., Boga, T., Mahfud, T., & Mulyani, Y. (2018). *Aplikasi Metode QSPM (Quantitative Strategic Planning Matrix) (Studi Kasus : Aplikasi Metode QSPM (Quantitative Strategic Planning Matrix) (Studi Kasus : Strategi Peningkatan Mutu Lulusan Program Studi Tata Boga) saat Berdasarkan dari Human Develop. October.*
- Prayudi, D., & Yulistria, R. (2020). Penggunaan Matriks SWOT dan Metode QSPM pada Strategi Pemasaran Jasa Wedding Organizer: Studi Kasus pada UMKM Gosimplifywedding Sukabumi. *Jurnal Maksipreneur: Manajemen, Koperasi, Dan Entrepreneurship*, 9(2), 225. <https://doi.org/10.30588/jmp.v9i2.516>
- Saing, B., Wulandari, E., & Panday, R. (2020). Marketing Strategy using SWOT and QSPM Methods. *International Journal of Recent Technology and Engineering*, 8(6), 4718–4725. <https://doi.org/10.35940/ijrte.f9738.038620>
- Sihombing, E and Nasib, (2020). The Decision of Choosing Course in the Era of Covid 19 through the Telemarketing Program, Personal Selling and College Image. *Budapest International Research and Critics Institute-Journal (BIRCI-Journal)*. P. 2843-2850.
- Suci, Y. R., Tinggi, S., & Ekonomi, I. (2017). Perkembangan UMKM (Usaha Mikro Kecil Menengah) di Indonesia. *Jurnal Ilmiah Fakultas Ekonomi*, 6(1), 51–58.
- Wibowo, D. H., Arifin, Z., & Sunarti, . (2015). Analisis Strategi Pemasaran Untuk Meningkatkan Daya Saing UMKM (Studi pada Batik Diajeng Solo). *Jurnal Administrasi Bisnis*, 29(1), 59–66.
<http://administrasibisnis.studentjournal.ub.ac.id/index.php/jab/article/view/1172>