Formulation of Alternative and Priority Business Strategies for Footwear Artisans in Sooko Mojokerto

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ABSTRACT

Purpose: Rapidly changing and developing technology has led to increasingly fierce business competition. To survive and grow, footwear artisans must emphasize production, quality, and marketing. This study aims to determine the internal and external strategic factors and formulate alternative and priority strategies in business development.

Design/methodology/approach: The research method used is descriptive with a qualitative approach.

Findings: The results showed that the weighted values of the IFAS and EFAS matrices were 2.75 and 2.70, respectively. In addition, the position is in cell 5, which is growing with a diversification strategy.

Research limitations/implications: Another strategy that can be used is generic. The eight SWOT matrix strategy formulations in the IE matrix, namely the development and build, resulted in ten alternative strategy formulations. Temporary.

Practical implications: The priority strategy is establishing a common forum, such as an association, which is necessary to mobilize competitive forces and facilitate internal and external communications to deliver effective marketing communications.

Originality/value: This paper is original

Paper type: a Research Paper

Keywords: Matrix IFAS, EFAS, SWOT, IE dan QSPM

Received: April 18th
Revised: May 11th
Published: May 31th

I. INTRODUCTION

The footwear industry is a labour-intensive one. The leading manufacturing sector contributes significantly to the national economy (Kememperin, 2019). Its locations are based in Surabaya, Gresik, Sidoarjo, Mojokerto, Pasuruan and Magetan in East Java. Growth in the fourth quarter of 2018 still reached 1.55%; however, it fell sharply to -16.48% in the first quarter of 2019.

According to Muhdori, the artisans face problems with regional minimum wages, complicated local government licensing bureaucracy, dependence on imports of raw materials, supporting materials, and relatively high production machines (Kememperin, 2019). The industry is pressured by various factors, namely low productivity levels with high wages, competition in the global market, and supporting initiatives (Widarti, 2019).

Footwear businesses in Sooko, Mojokerto district, are facing problems in (1) unbranded products and (2) existing brands copying national and international products. The competition requires them to continue to improve to survive. They need to emphasize production (various designs and models) and, most importantly, sales. Marketing is not limited to direct selling. It must be improved and developed by taking advantage of technological advances.

SWOT analysis is needed to make the right strategy to produce a good performance, primarily to determine the target market and related marketing mix. It is a big picture of what the company will do in some markets (Setyorini et al., 2017). Then, a quantitative planning strategy matrix (QSPM) was used based on SWOT results (M. E. David et al., 2009).
The benefits of using the QSPM are that the results can be checked sequentially and simultaneously, and there is no limit to the number of tactics that can be evaluated at once (Zulkarnaen & Sutopo, 2013). The discussion of the SWOT and QSPM strategy studies has been carried out by several researchers (Defidelwina et al., 2017; Harahap, 2019; Mahfud & Mulyani, 2017; Marti’ah, 2017; Mujahid et al., 2018; Purwandari, 2015; Puspitasari et al., 2013; Setyorini et al., 2017; Sugiarti et al., 2017; Zulkarnaen & Sutopo, 2013).

The study literature that examines explicitly the footwear industry conducted by (Sulistiono & Mulyana, 2010) explains that the position of the Ciomas Bogor Sandal Shoes UKM is located in quadrant 5, namely stability (maintaining and maintaining) according to the IE matrix. So, the right strategy is to increase the creativity of sandal shoe model makers, optimize the network through collaboration with entrepreneurs, marketers, and related parties, expand the marketing relationship network, and utilize e-commerce websites. It is also important to allocate funds for improving production technology and collaborate with cooperatives to provide raw materials, working capital assistance and coordinate the distribution of finished products. Lastly, it is necessary to synergize with fellow craftsmen to build common strengths and reduce weaknesses (EFAS-IFAS, SWOT matrix, IE matrix).

Furthermore, (Putra & Ghina, 2016)'s research elaborates that the position of the Cibaduyut shoe industry is in quadrant 1, with tactics that support aggressive policies according to the SWOT matrix. The priority strategy, according to QSPM, is to create applications for product showcases and collaborate with the government to empower and improve the quality of human resources in industrial centres. It also needs to allocate funds for technology enhancement to support production (IFE and EFE matrices, then SWOT and QSPM).

The differences between this research and previous research are as follows. The first is the theory concerning matrices (EFAS & IFAS and IFE & EFE). Research using the IFE & EFE matrix (Defidelwina et al., 2017; Harahap, 2019; Mahfud & Mulyani, 2017; Marti’ah, 2017; Mujahid et al., 2018; Purwandari, 2015; Puspitasari et al., 2013; Putra & Ghina, 2016; Setyorini et al., 2017; Sugiarti et al., 2017; Zulkarnaen & Sutopo, 2013). Meanwhile, the EFAS and IFAS matrices were used by Sulistiono and Mulyana, 2010).

Second, the determination of business strategy from research in Sandal Shoes UKM Ciomas Bogor (Sulistiono & Mulyana, 2010) is limited to IE matrix analysis. On the other hand, Putra & Ghina (2016) uses the SWOT matrix and the QSPM for the priority scale. These differences can be seen as a research gap in a study. In this study, researchers formulate alternative strategy formulations based on the EFAS-IFAS matrix, IE matrix, and SWOT matrix and determine priority strategies according to the quantitative planning strategy matrix (QSPM).

II. LITERATURE REVIEW

A. Strategy

(Rangkuti, 2015:4) defines it, as first revealed by Chandler (1962:13), as the long-term goals of a company and the utilization and allocation of resources that are important to achieve goals. It is a shared means with a long-term plan to be performed (F. R. David, 2010:18). It is also a form of statement relating to how individuals can work together in an organization to achieve goals and objectives. Strategic decisions related to the future are connected to all parts of the organization (Assauri & Assauri, 2011:3). A broader understanding of strategic management is a series of decisions and actions that formulate and implement plans to achieve goals (Pearce & Robinson, 2013:3).

B. SWOT Analysis

The analysis identifies various systematic factors to formulate company strategy (Rangkuti, 2015:19). It is based on the logic of maximizing strengths and opportunities while minimizing weaknesses and threats. According to (Siagian, 2000:172), it is a powerful tool. The general public knows that it is an acronym for strengths, weaknesses, opportunities, and threats.

Its matrixes are strategy formulation tools that analyze internal and external factors, consisting of nine cells, four key elements, and four strategies, namely SO, WO, ST, and WT. One is always left blank (F. R. David, 2010:158). According to (Rangkuti, 2015:83), they are tools that can be used to compile the organization’s strategic factors. Various external environmental factors that can influence the company are compared with the internal environmental factors owned by the company to obtain multiple alternative strategies (Dyson, 2004).
C. QSPM Analysis

QSPM measures how internal and external factors can be utilized as the key to success. How many sets of alternative strategies can be included in each group, but only specific ones are evaluated against each other. The advantage of using QSPM is that they can be examined sequentially and simultaneously, and there is no limit to the number that can be evaluated at once (Zulkarnaen & Sutopo, 2013).

QSPM analysis determines alternative tactics generated in the SWOT matrix (M. E. David et al., 2009; Mahfud & Mulyani, 2017). Furthermore, (Zulkarnaen & Sutopo, 2013) reflect on the QSPM (Bhandari & Verma, 2013) to evaluate the relative attractiveness of several alternative strategic options.

III. RESEARCH METHOD

The type of research used is qualitative research with a descriptive approach—data collection using purposive sampling technique, namely expert artisans. The stages in data collection are: (1) Collecting data, conducting interviews with artisans and related stakeholders, (2) The results of the first stage of interviews are processed as information and, after being collected, are used to compile a questionnaire in the second stage, and (3) Stage of analysis data through the SWOT and QSPM methods (M. E. David et al., 2009; Mahfud & Mulyani, 2017; Rangkuti, 2015).

SWOT analysis is carried out through calculations IFAS (Internal Strategic Factor Analysis Summary) and EFAS (External Strategic Factor Analysis Summary) by considering the value of weights and ratings. Here are the steps:

1) IFAS. There are five steps to determine internal factors (column 5 comments are not mandatory). At this stage, the determination and evaluation of internal factors are carried out.

2) EFAS. There are five steps to decide external factors (column 5 comments are not mandatory). At this stage, the determination and evaluation of external factors are carried out.

3) Before carrying out a SWOT analysis, the IE matrix is prepared first.

4) The arrangement of the SWOT matrix is carried out through an analysis of the strengths, weaknesses, opportunities, and threats for alternative strategies.

5) Alternative strategies are established through SWOT analysis and priority strategies through QSPM.

IV. RESULTS AND DISCUSSIONS

Every artisan certainly has careful planning to increase product development. They do not have to be experts in assembling shoes. Armed with sufficient managerial skills, one can involve and hire an expert (assembly). The primary raw materials for making shoes are leather, leatherette, and sponge. The provision of raw materials is carried out by involving many service providers as support and providing benefits in creating job opportunities. Many services are found, namely punching, press, screen printing, and assembler services. Artisans collaborate by involving several parties, including raw material suppliers, assemblers, sellers, and intermediaries.

A. IFAS (Internal Strategic Factor Analysis Summary)

The ranking and internal weighting of artisans (IFAS) can be seen in Tables 1 and 2 below.

The total IFAS score, which is the internal strengths and weaknesses of the craftsmen (weight x rating, in tables 1 and 2), is 2.75. The main power is the variable with the most significant average weight score, namely good product quality (0.29). Quality is a dynamic state associated with products, services, people, processes, and environments that achieve or exceed expectations (Goetsch D.L and Davis D.L, 2002: 3). The product that best satisfies one's preferences is the product of the highest quality.

The main weakness is the capital limitation (0.13). The greater the availability of working capital provides wider opportunities to increase product productivity, directly impacting income.
### Table 1. IFAS (Internal Strategic Factor Analysis Summary)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Internal</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight X Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good product quality</td>
<td>0.10</td>
<td>2.87</td>
<td></td>
<td>0.29</td>
</tr>
<tr>
<td>Good relationship with customers</td>
<td>0.10</td>
<td>2.77</td>
<td></td>
<td>0.28</td>
</tr>
<tr>
<td>The government’s attention through the relevant agencies</td>
<td>0.10</td>
<td>2.80</td>
<td></td>
<td>0.28</td>
</tr>
<tr>
<td>Good cooperation between craftsmen</td>
<td>0.10</td>
<td>2.80</td>
<td></td>
<td>0.28</td>
</tr>
<tr>
<td>Ease of getting services and raw materials</td>
<td>0.05</td>
<td>2.73</td>
<td></td>
<td>0.14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.45</strong></td>
<td></td>
<td><strong>1.26</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data

### Table 2. IFAS Internal Strategic Factor Analysis Summary

<table>
<thead>
<tr>
<th>Factor</th>
<th>Internal</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight X Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor management</td>
<td>0.10</td>
<td>2.63</td>
<td></td>
<td>0.26</td>
</tr>
<tr>
<td>Promotion is less effective</td>
<td>0.10</td>
<td>2.57</td>
<td></td>
<td>0.26</td>
</tr>
<tr>
<td>Limited capital</td>
<td>0.05</td>
<td>2.67</td>
<td></td>
<td>0.13</td>
</tr>
<tr>
<td>The product model does not reflect the characteristics</td>
<td>0.10</td>
<td>2.57</td>
<td></td>
<td>0.26</td>
</tr>
<tr>
<td>Less training</td>
<td>0.10</td>
<td>3.00</td>
<td></td>
<td>0.30</td>
</tr>
<tr>
<td>No standardization training yet</td>
<td>0.10</td>
<td>2.80</td>
<td></td>
<td>0.28</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>0.55</strong></td>
<td></td>
<td><strong>1.49</strong></td>
<td></td>
</tr>
</tbody>
</table>

Source: Processed Data
Table 3. EFAS (External Strategic Factor Analysis Summary)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight X Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>Huge market potential</td>
<td>0.10</td>
<td>2.77</td>
<td>0.28</td>
</tr>
<tr>
<td>Increased consumer income</td>
<td>0.10</td>
<td>2.77</td>
<td>0.28</td>
</tr>
<tr>
<td>Consumer awareness of quality is not always expensive</td>
<td>0.10</td>
<td>2.73</td>
<td>0.27</td>
</tr>
<tr>
<td>Intense promotion</td>
<td>0.10</td>
<td>2.70</td>
<td>0.27</td>
</tr>
<tr>
<td>Shoe Village Branding</td>
<td>0.10</td>
<td>3.00</td>
<td>0.30</td>
</tr>
<tr>
<td>Total</td>
<td>0.50</td>
<td></td>
<td>1.40</td>
</tr>
</tbody>
</table>

Source: Processed Data

Table 4. EFAS (External Strategic Factor Analysis Summary)

<table>
<thead>
<tr>
<th>Factor</th>
<th>Weight</th>
<th>Rating</th>
<th>Weight X Rating</th>
</tr>
</thead>
<tbody>
<tr>
<td>The use of promotion through the internet is still lacking</td>
<td>0.10</td>
<td>2.80</td>
<td>0.28</td>
</tr>
<tr>
<td>Utilization of production machines</td>
<td>0.10</td>
<td>2.41</td>
<td>0.24</td>
</tr>
<tr>
<td>Competition with shoe producers from other regions</td>
<td>0.10</td>
<td>2.67</td>
<td>0.27</td>
</tr>
<tr>
<td>Brand Patent</td>
<td>0.10</td>
<td>2.63</td>
<td>0.26</td>
</tr>
<tr>
<td>Products and brands imitating well-known brands</td>
<td>0.10</td>
<td>2.53</td>
<td>0.25</td>
</tr>
<tr>
<td>Total</td>
<td>0.50</td>
<td></td>
<td>1.30</td>
</tr>
</tbody>
</table>

Source: Processed Data

B. EFAS (External Strategic Factor Analysis Summary)

The external ranking and weighting results are shown in Tables 3 and 4. The total EFAS score, in the form of opportunities and threats from external craftsmen (weight x rating, in tables 3 and 4), is 2.70.

The foremost opportunity that has the potential to be developed is the branding variable of the shoe village, with the most significant average weight score of 0.30. The Kampung shoe branding is a character formed as an opinion that the shoes produced from Sooko Mojokerto have an affordable price but have good quality. In contrast, the biggest threat is the use of production machines (0.24). Lack of machine utilization can hamper production activities and productivity.

C. IE Matrix Analysis

First, a SWOT analysis was carried out to determine the business position to evaluate existing internal and external factors (Wheelen and Hunger, 2008; Rangkuti, 2015). Furthermore, the total score on the IFAS and
EFAS matrices is 2.75 and 2.70. The combination of the two scores indicates where the current business position is. See Figure 1 below.

The IE matrix shows that the business is in quadrant 5 (horizontal integration growth/diversification strategy). It means that the condition is stable but has the opportunity to grow. Usually, this kind of business growth occurs when the business involved in consolidation is in a mature stage. Another strategy is Porter's generics.

Organizations in this quadrant should be managed by selling new products using technical resources that are not tied to the product being sold but spread to specific target markets. In this case, they can provide the right solution, such as creating an e-commerce site for consumers who like to shop online.

D. SWOT Matrix

It is a matching tool used to develop four types of strategies, namely: SO (strength of opportunity), WO (weakness of opportunity), ST (power of threat), and WT (weakness of danger).

1. SO Strategy

It is done by exploiting internal strengths to take advantage of external opportunities. All craftsmen have wanted to maximize every effort to take advantage of various external trends and events. If their business faces an obstacle, they will struggle to overcome it and turn it into a strength. On different occasions, when companies are faced with significant threats, they will try to avoid them, concentrating on opportunities.

2. WO Strategy

It aims to improve internal weaknesses by taking advantage of external opportunities. Sometimes great opportunities arise, but the organization has internal flaws that prevent it from being able to take advantage of these opportunities.

3. ST Strategy

It relies on internal strength to avoid or reduce the impact of external threats. It does not mean that a strong organization must always face threats directly in the external environment.

4. WT Strategy

It is a defensive tactic to reduce internal weaknesses and avoid external threats. Businesses that face various external threats and internal defects are dangerous. An attempt at this position really must struggle to survive. Different possibilities that can be done are mergers, business downsizing, declaring bankruptcy, or choosing liquidation.

Referring to the various formulations generated from multiple possibilities, the alternative strategy for using the SWOT matrix is illustrated in Figure 2.

E. QSPM Analysis

After carrying out the input stages of internal and external environmental analysis through the IFAS and EFAS matrices, followed by matching with the IE matrix and SWOT matrix, the next step is decision making using QSPM. Several alternative strategies analyzed are presented in Table 5.
Translation of Figure 2

**Strength(S):**
1. Good product quality
2. Good relationship with customers
3. Attention of the Government through related agencies
4. Good cooperation between craftsmen
5. Ease of getting services and raw materials

**Weaknesses (W):**
1. Poor management
2. Promotion is less effective
3. Limited capital
4. The production model is not yet a hallmark
5. Less training
6. Standardization of training does not yet exist

**Opportunity (O):**
1. Huge market potential
2. The level of consumer income increases
3. Consumer awareness of quality
4. Intense promotion
5. Shoe village branding
Threat (T):
1. The use of promotion through the internet is less
2. Production machine utilization
3. Competition with artisans from other regions
4. Brand Patent
5. Products and brands imitating well-known brands

SO Strategy:
1. Improving product quality with quality but cheap materials (S1, S5, O1, O2)
2. Establish a common platform for product marketing (S2, S3, S4, O4, O5)

ST Strategy:
1. Improving knowledge of digital marketing (S2, T1, T3)
2. Relevant offices provide facilities for Mark and Design Patent Rights (S3, S4, T4, T5)

WO Strategy:
1. Conducting promotions and exhibitions together outside the region (W2, W4, O4)
2. Improved product quality and design with standard patterns (S4, S5, O2)

WT Strategy:
1. Joint use of modern production machines (W2, W3, T2)
2. Create a design that is typical of Mojekerto and contains local wisdom (W4, T3, T5)

Table 5. Alternative Strategy

<table>
<thead>
<tr>
<th>No</th>
<th>Strategy</th>
<th>Attractive Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>(SO-1) S1</td>
<td>Conduct intense promotion together with a unified marketing vision to increase competitive advantage.</td>
</tr>
<tr>
<td>2</td>
<td>(SO-2) S2</td>
<td>Establish a common platform, such as an association, to mobilize common strengths, competitiveness and ease of access. It can be used as an internal and external communicative means to deliver effective marketing communications.</td>
</tr>
<tr>
<td>3</td>
<td>(WO-1) S3</td>
<td>Design products characterized by Sooko–Mojokerto shoes so that consumers will be familiar with the shoe products being marketed.</td>
</tr>
<tr>
<td>4</td>
<td>(ST-1) S4</td>
<td>Apply information technology intensively to reach customers more effectively and interactively.</td>
</tr>
<tr>
<td>5</td>
<td>(SO-3) S5</td>
<td>Develop many models and designs, with their patents, with the same characteristics.</td>
</tr>
<tr>
<td>6</td>
<td>(ST-2) S6</td>
<td>Create products that have and characterize Mojokerto’s local wisdom, which is synonymous with many relics of the Majapahit kingdom.</td>
</tr>
<tr>
<td>7</td>
<td>(ST-3) S7</td>
<td>Produce shoes that are mass products with affordable prices and quality, such as school shoes.</td>
</tr>
<tr>
<td>8</td>
<td>(WT-1) S8</td>
<td>Cooperate with Mall or shopping centre managers to provide space for exhibitions at specific events.</td>
</tr>
</tbody>
</table>
| 9  | (WT-2) S9 | Provide facilities from the Mojokerto Regency Government to hold an annual event so
that it becomes a scheduled shopping tour.

**10** (ST-4) **S10** Cooperate with suppliers to get cheap raw material prices to sell at affordable prices.

Source: Processed Data

The determination of the priority strategy is based on QSPM assessment after being sorted from the highest to the lowest TAS value. These results are priority strategies that can be implemented for business development. The following are the results of the priority strategy formulation, namely:

1. Cooperate with suppliers to get cheap raw material prices to sell at affordable prices.
2. Cooperate with Mall or shopping centre managers to provide space for exhibitions at specific events.
3. Cooperate with suppliers to get cheap raw material prices to sell at affordable prices.
4. Develop many models and designs, with their patents, with the same characteristics.
5. Create products that have and characterize Mojokerto's local wisdom, which is synonymous with many relics of the Majapahit kingdom.
6. Provide facilities from the Mojokerto Regency Government to hold an annual event so that it becomes a scheduled shopping tour.

**F. Conclusions**

1. Position the business on growth (horizontal integration) by choosing a diversification strategy.
2. The business is in a stable condition but has the opportunity to grow. It usually happens when the company is in consolidation at the mature stage.
3. Businesses in a mature position are more appropriately managed by selling new products with the technical use of resources not tied to the products being sold but targeting specific market segments.
4. The suitable strategy model is applied through increasing control over market forces and seeking ownership of other businesses, especially competitors (internal strategy). External development is carried out through acquisitions or strategic alliances with other artisans.
5. The main priority scale of the craftsman's business is establishing a joint container. An association is used as a vehicle to gather strength together to increase business competitiveness, provide easy access, and as a communicative means of delivering effective marketing communications.

**SUGGESTIONS**

1. Collaboration and synergy between the district and city governments of Mojokerto need to be carried out in facilitating artisans for various events together and sustainably.
2. The Mojokerto government has a direct role in creating a forum (community) for artisans.
3. Cooperating between artisans in designing products by utilizing local wisdom from Mojokerto, which is synonymous with many relics of the Majapahit kingdom.
4. Cooperating with suppliers for the availability of raw materials at low and sustainable prices impacts product sales at competitive prices.

**A. Research Limitations**

This research was limited to the Sooko Subdistrict as a home industry centre in Mojokerto Regency. A similar study can be done by expanding the research area for data collection, such as in Puri and Prajurit Kulon Districts (Mojokerto City). It considers that these two areas are directly adjacent to the Sooko District, both of which are the backbone of the footwear industry centre in Sooko Mojokerto.

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