

**STRATEGY FORMULATION TO IMPROVE PERFORMANCE OF UD.ADITYA MEUBEL IN
NORTH BOLAANG MONGONDOW
(THE IMPLEMENTATION OF QSPM AND TOPSIS MODEL)**

*PERUMUSAN STRATEGI UNTUK PENINGKATAN KINERJA UD.ADITYA MEUBEL DI BOLAANG
MONGONDOW UTARA
(PENERAPAN MODEL QSPM DAN TOPSIS)*

by:

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Abstract: Since inaugurated as a regional autonomy on 2 January 2007, the development of North Bolaang Mongondow area is developed rapidly. The tendency of development will be on and on along with the opening of new land in this area. By the increasing of public demand for furniture products then it will automatically increasing the number of companies engaged in this same field of industry. This research has the purpose to concerning MSMEs UD. Aditya Meubel is chosen as the main research object by considering its existence since the invention in 2007 until now. By doing strategic management process which is strategy formulation, then this could help the business in improving the performance so that they can survive and remain consistent to its goal, which is also automatically, can help to increase the revenue. The research method used is the combination of descriptive qualitative and quantitative method where quantitative is used to facilitate the qualitative by using some of the analytical tools such as IFE, EFE, IE, SWOT, QSPM and TOPSIS. The result on QSPM and Fuzzy TOPSIS show that the market development becomes the top preferred priority among other alternative strategies with the amount of weight is 3.697 in QSPM and 0.72124 in Fuzzy TOPSIS. Thus, UD. Aditya Meubel needs to expand its marketing area gradually, which can be started in 5 areas around its regular marketing area.

Keywords: strategic management, strategy formulation, ife, efe, swot, internal-external matrix, qspm, topsis model.

Abstrak: Sejak diresmikan sebagai daerah otonom pada 2 Januari 2007, pengembangan kawasan Bolaang Mongondow Utara ini berkembang secara pesat. Kecenderungan pembangunan ini akan terus berlanjut seiring dengan dibukanya lahan baru yang secara otomatis mempengaruhi peningkatan permintaan masyarakat terhadap produk furnitur yang juga akan berdampak langsung terhadap bertambahnya jumlah perusahaan yang bergerak di bidang industri yang sama. Penelitian ini bertujuan untuk mengkaji UMKM dimana UD. Aditya Meubel dipilih sebagai objek utama penelitian dengan mempertimbangkan eksistensinya sejak awal didirikan pada tahun 2007. Dengan melakukan proses manajemen strategis yaitu perumusan strategi, maka hal ini dapat membantu UD. Aditya Meubel dalam meningkatkan kinerja sehingga dapat bertahan dan tetap konsisten dengan tujuannya yang secara otomatis juga mampu meningkatkan pendapatan usaha dagang ini. Metode penelitian yang digunakan adalah kombinasi deskriptif kualitatif dan kuantitatif dimana kuantitatif digunakan untuk memudahkan kualitatif dengan menggunakan beberapa alat analisis seperti IFE, EFE, IE, SWOT, QSPM dan TOPSIS. Hasil pada QSPM dan Fuzzy TOPSIS menunjukkan bahwa pengembangan pasar menjadi prioritas utama di antara strategi alternatif lainnya dengan jumlah bobot 3,697 oleh QSPM dan 0,72124 oleh TOPSIS Fuzzy. Dengan demikian UD. Aditya Meubel perlu melakukan ekspansi wilayah pemasaran secara bertahap, yang bisa dimulai di 5 daerah sekitar wilayah regular pemasarannya selama ini.

Kata Kunci: manajemen strategi, formulasi strategi, ife, efe, swot, internal-external matrix, qspm, topsis model.

INTRODUCTION

Research Background

In Indonesia, Micro, Small and Medium Enterprises often abbreviated (MSMEs) is currently regarded as an effective ways to reducing poverty. From the statistics, MSMEs represent the largest number of business groups, where the number of MSMEs registered in 2013 was 57.89 million units, or approximately 97.9% of total business units and the number continues to grow each year. MSMEs have been legally regulated by Law No. 20 Year 2008 on Micro, Small and Medium Enterprises. MSMEs are the largest group of economic actors in the Indonesian economy and proved to be a safety valve in the national economy during the crisis, as well as a dynamic factor of economic growth after the economic crisis. In addition, to being the greatest business sector contribution to national development, SMEs also create employment opportunities for a large enough domestic labor, thus greatly helping to reduce unemployment. The development trend shows that SMEs have a huge potential for non-oil exports. Based on BPS data in 2013, there were about 182,112.7 trillion in non-oil exports. The contribution of SMEs to GDP is very significant where the contribution of micro, small and medium to gross domestic product increased from 57.84% to 60.34% of the total GDP in the last five years. In terms of investments existence of MSMEs is quite dominant with achieving 341,341.6 trillion or about 56.15% (Central Bureau of Statistics; 2013).

One type of MSMEs that have a good opportunity to develop if it is seen from its prospect was furniture business. Indonesia is a country that has the largest forest in the world. Furniture industry is a labor-intensive industry; with 4 million people who rely on this industry as their source of income. By 5.78% economic growth, furniture industry contributes donate to foreign exchange earnings from exports by US\$ 1.779 billion in 2013. The amount is 50% exports of timber and wood products from Indonesia. Based on the survey results of the Central Bureau of Statistics in 2012, furniture business in north Sulawesi was ranked fifth of the total industry that absorbing labor. Where there are approximately 482.4% of the workforces employed in this sector. If seen statistically according to the cultivated of forest production management from the forestry minister of North Sulawesi in 2009, there are about 33% or 60,800 (Ha) area from the total of 67% or 121,637.75 (Ha) that used as a license for utilization of timber forest products for raw materials of industry in North Bolaang Mongondow. In addition, this region is an area with the seventh largest number of People's Garden Seeds in North Sulawesi, where there are approximately 107 society nursery garden.

UD. Aditya Meubel is a furniture company in North Bolaang Mongondow, founded in 2007. This furniture business was producing various kinds of furniture such as chairs, tables, doors, cabinets, windows and etc. this business was categorized as a family business which in its operation and management are held directly by the owner of business itself. As the type of business that categorized as a family business, this type of business is the highest amount and significant role of the national income. (Susanto, 2005).Furthermore, by conducting the strategic management which is the strategy formulation then this MSMEs can be focused analyzed with a deep observation, in order to find the root of problem that hinder the business to develop. In conducting the business, UD. Aditya Meubel currently experiencing problems regarding to the performance generated by the company that is still less than what is expected because there are still certain people who run in double jobs, making it less focus on work and not the maximum workable results. That is why this kind of condition needs to upgrade which is regenerate the management system in order to overhaul and reformulate the strategy so UD. Aditya Meubel can be able to survive and even gain more revenue.

Research Objectives

1. To analyze the factors that affect internal and external environment of UD. Aditya Meubel's business.
2. To formulate the strategy that can be selected by UD. Aditya Meubel as the alternative strategy in running its business.

THEORETICAL FRAMEWORK

Strategic Management

As this research is about the strategy formulation to improve the performance of UD. Aditya Meubel in North Bolaang Mongondow, then it is necessary for understanding and adopting the theoretical perspective about what strategic management is, According to David (2006 : 5-10) strategic management can be defined as the art and science of formulating, implementing, and evaluating cross-functional decisions that enable

organizations achieving purpose. The focus is on integrating marketing management, finance or accounting, production or operations, research and development, and information systems to achieve the success of the organization.

The Process of Strategic Management

Strategic management process is a package of commitments, decisions and measures that expected for a company to have strategic competitiveness in order to generating the profits. Strategic management processes are dynamic, relevant and accurate where the inputs are derived from the analysis of internal and external environment which is necessary to formulate strategies effectively and efficiently. Process of management strategy according to David (2004 : 5-10) consists of three stages. Furthermore, as this study is about the “Strategy Formulation to Improve the Performance of UD.Aditya Meubel” then this process of strategic management that will be executing forward will only be emphasized on *formulating the strategy*, where the rest of strategic management process such as strategy implementation, and strategy evaluation are considered as the task of UD.Aditya Meubel as the determiner of the final decisions made.

Strategy Formulation

Formulation strategies including developing the vision and mission, identifying opportunities and external threats of the organization, determining the internal strengths and weaknesses to the organization, set the long-term goals, made a number of alternative strategies, and choose a strategy that will be implemented. Decisions are binding the organization in order to formulating strategy towards products, market, resources and technology for a long period of time.

Strategy formulation techniques are integrated into three stages of the decision-making framework. The tools presented in this framework were apply to all sizes and types of organizations and can help in identifying, evaluating and choosing the strategy (David, 2011 : 238-239). The third stage is presented in Figure below.

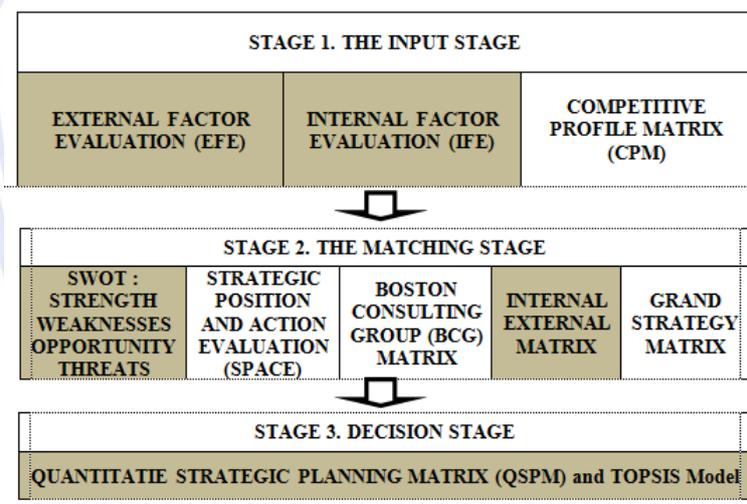


Figure: 1. Strategy Formulation Frameworks

Previous Research

Rumanti and Syauta (2013) in “Determining Strategies Based on Strategic Position Analysis in Small and Medium Enterprises”. The result shows that the most attractive strategy to the least attractive for the SME are as follows: adding new product variants; expanding sales area; developing new natural stones products; holding promotional events and placing advertisement. In this journal the additional analytical tool used for formulation strategy is SPACE Matrix, which is in the formulation strategy of UD. Aditya Meubel, SPACE matrix is not used because already represented by SWOT and Internal – External Matrix. Furthermore, in evaluating the external factors of EFE they are not presenting the whole factor evaluation like culture and strategic change that might be happen to the SMEs problem and it will be analyzed in this research of UD. Aditya Meubel.

Shojaie, Hamidian , and Basiji (2014) in “Strategy Planning Using SWOT Analysis and QSPM Model : A Case Study of Baridsoft Company”. The result shows that the assessment scores market development strategies were chosen as the best strategy to achieve competitive advantages via extensive marketing. Moreover, Baridsoft has to expand its market according to existing product and potential customers which would be considered as its market development strategy. And finally make an effort to present and offer new products to existing customers in order to meet the market penetrating strategy. This research is using descriptive and analytical method. Furthermore, the data collection methods are based on the questionnaire distribution and focus group discussion with the business member. Meanwhile, in UD. Aditya Meubel the research will be the combination of descriptive qualitative with the depth interview to the informants to find the root problem that the business faced and quantitative strategy by the spread of questionnaire to the owner, employee and stakeholders.

Conceptual Framework

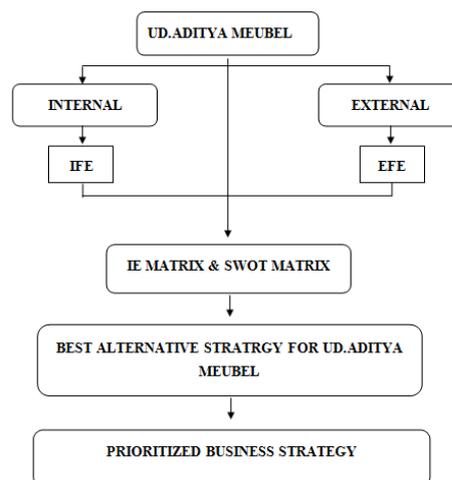


Figure 2. Conceptual Frameworks

RESEARCH METHOD

Type of Research

This study is the combination of descriptive qualitative and quantitative analysis method where according to Brymman cited by Sarwono (2011 : 83-84) the additional of quantitative method in this study has the purpose to assist the analyzing process, where the role of quantitative research is used to facilitate qualitative research.

Place and Time of research

This research is conducted on April to Mei 2017 at UD. Aditya Meubel, Boroko, North Bolaang Mongondow – North Sulawesi.

Population and Sample

The term of *social situation* is used to representative population in this study which this term consists of three elements, such as **place** (UD. Aditya Meubel), **actors** (owner, employee and the stakeholders of UD. Aditya Meubel (distributor, supplier, customer), and **activities** (business process) that interact synergistically. Meanwhile, the sample size of this study is 32 that consist of potential informants in both of UD. Aditya Meubel & the stakeholders that consist of 5 from UD. Aditya Meubel (1 owner & 4 employees), and 27 from the stakeholders (1 supplier, 1 distributor and 25 customers).

Data Collection Method

The primary data used in this research is based on the interview to the owner, employee and all the stakeholders of UD. Aditya Meubel followed by the distribution of questionnaire for the measurement of internal and external indicators by using IFE, EFE, IE, SWOT, QSPM and finally TOPSIS Model. Furthermore for the secondary data of this research consist of some literatures of book, journal, some of the internet sites such as National Statistical Office (NSO) and the local government websites involved.

Data Analysis Method

Data analysis method use in this research is adhering to the concept given by Miles and Huberman. According to Miles and Huberman that cited in Sugiyono (2014), the activity in the qualitative data analysis performed interactively and runs continuously during the fieldworks until it is completed, so the data saturated. Some activities in the analysis of this data consist of data reduction, data display, and conclusion: drawing / verification.

RESULT AND DISCUSSION

Result

Input Stage: EFE and IFE Matrices

According to the result of Internal Factor Evaluation the total score of strengths are 1.61 while for the total score of weaknesses are 1.18, which is automatically indicate that UD. Aditya Meubel can be able to respond well to its internal strength, or on the other words UD. Aditya Meubel has proven to maximize their strength against their weaknesses by the total of Internal Factor Evaluation (IFE) matrix result is 2.79 where the contribution of the total weight itself are caused by some high potential factors in strengths followed by its respective weight such as *Good quality of product* (0.36), *Owner's persevering & responsibility in a detailed production of supervision process* (0.35) and *the ability to give the information to consumers sincerely* (0.28).

Table 1. Internal Factor Evaluation Matrix Result

Internal Factors	Weight	Rating	Weighted Score
Strengths			
1. Good quality of product	0.091	4	0.36
2. Owner's persevering & responsibility in a detailed production of supervision process	0.088	4	0.35
3. The ability to give the information to consumers sincerely	0.075	3.75	0.28
4. Have a strong brand image	0.073	3.75	0.27
5. The strategic business location	0.067	3.25	0.22
6. Employees perceives as family	0.041	3	0.12
Total Score of Strengths			1.61
Weaknesses			
7. Limited human resources	0.072	2	0.14
8. Low in the market research & development	0.066	1	0.07
9. Limited access to capital /market financing	0.083	3	0.25
10. Production technology and supporting business tools that need to be	0.075	2.5	0.19

improved/renewed			
11. Marketing inequality which is only focused in some areas/ lack of marketing area	0.077	3	0.23
12. Legality of raw material	0.064	1	0.06
13. Limited promotional media	0.073	2.5	0.18
14. Unorganized of business accounting (Cash In-Out)	0.055	1	0.06
Total Score of Weaknesses			1.18
Total Weight			2.79

Source: Data Processed 2017

As what happen to internal Factor Matrix result, the result of External Factor Evaluation is the same where UD. Aditya Meubel can be able to maximize its total score of opportunities by the total weight of 1.93 against its total score of threats that only reach 1.30. By its 3.23 of total weight, the high contribution of this total weight are caused by some of high potential opportunities factors such as *Rapid development of North Bolaang Mongondow (0.35)*, followed by *The increasing of middle class consumer (0.30)*.

Table 2. External Factor Evaluation Matrix Result

External Factors	Weight	Rating	Weighted Score
Opportunities			
1. Large domestic markets.	0.088	3	0.26
2. Rapid development of North Bolaang Mongondow	0.093	3.75	0.35
3. Structural change : The friction of economic sector from traditional economy to modern economy (Agriculture - Manufacture industry)	0.082	3.25	0.27
4. National government support through cross linked strategy (Upstream-Downstream Strategy)	0.061	3	0.18
5. Depletion of oil : government support on non oil and natural gas	0.056	2.75	0.16
6. The Increasing of middle class consumers	0.086	3.5	0.30
7. The enhancement of society's awareness towards information technology such as social media	0.062	3	0.19
8. Good relationship and high credibility with the supplier.	0.062	3.5	0.22
Total Score of Opportunities			1.93
Threats			
9. Inadequate of infrastructure in North Bolaang Mongondow	0.073	3.5	0.26
10. The emergence of more innovative common business, supported by renewal technology & extensive business capital.	0.080	3	0.24

11. The Increasing of substitute product	0.087	3.75	0.33
12. The Development of global business in the era of free trade	0.041	1.25	0.05
13. Customer are more demanding	0.067	3.5	0.23
14. Unavailability of supporting business in North Bolaang Mongondow	0.060	3.25	0.19
Total Score of Threats			1.30
Total Weight			3.23

Source: Data Processed 2017

Matching Stage: Internal – External Matrix

IE matrix is based on two key dimensions ie total IFE values weighted on the X axis and total EFE values weighted on Y axis. Based on IFE matrix analysis results obtained a score of 2.67 and EFE analysis obtained score of 3.23. The combined value puts the company in the first awareness of the strategy of growing and developing, so the appropriate strategy to do is **market penetration, market development, & product development.**

IFE Total Weighted Score

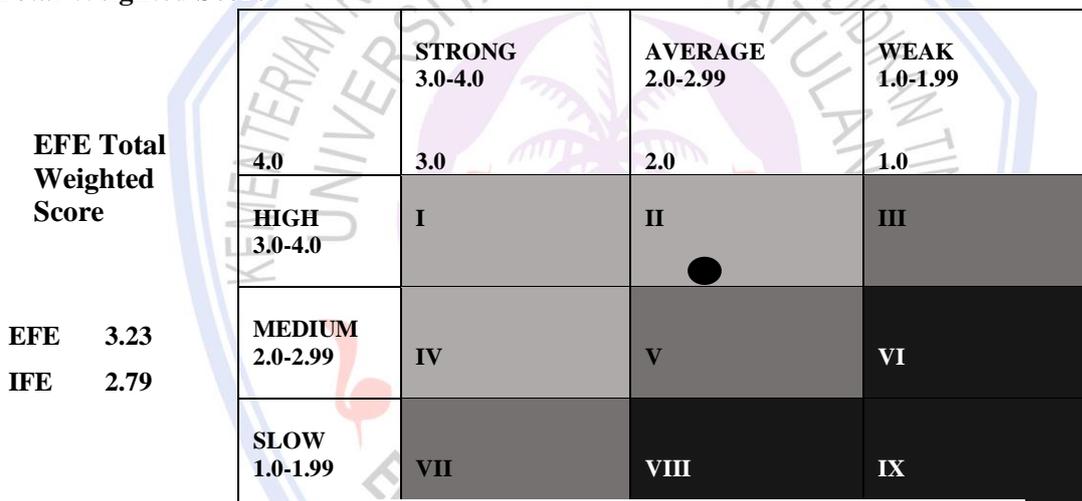


Figure 3. Internal-External Matrix Result

Source: Data Processed 2017

SWOT Matrix

The result on SWOT diagram shows the similar conclusion as what on Internal-External matrix has concluded, where total value of internal analysis weighted on the X-axis was obtained a score of 0.22, and the total EFE value weighted on the Y-axis show that the external analysis results from SWOT obtained a score of 0.32. Furthermore, this combined value leads the company in the first awareness of the strategy of growing and developing, which automatically suggest the company to pursue **market penetration, market development, & product development.**

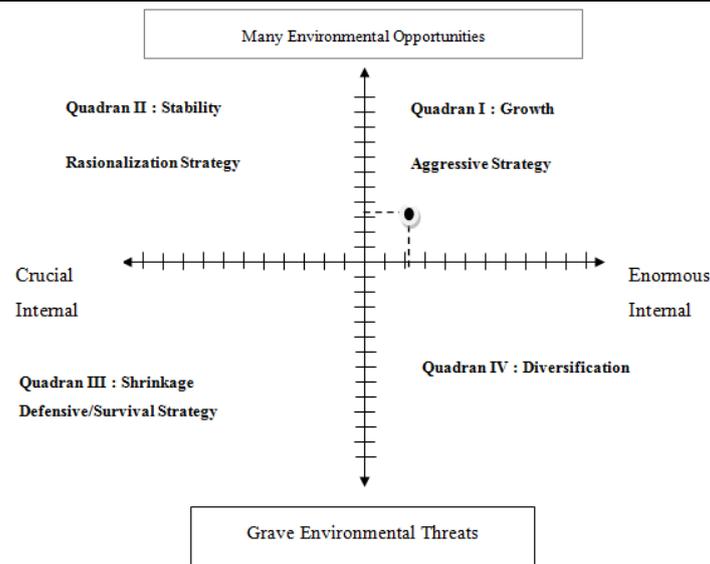


Figure 4. SWOT Diagram

Source: Data Processed 2017

Meanwhile by considering the important functional steps of SWOT matrix that has been concluded by the SWOT diagram, then the use of SWOT matrix is necessary in order to maximize the result of SWOT diagram remembering the result of SWOT diagram is more specific and directed to the problem faced by UD. Aditya Meubel. Mve from that consideration, then the results of SWOT Diagram are as follow:

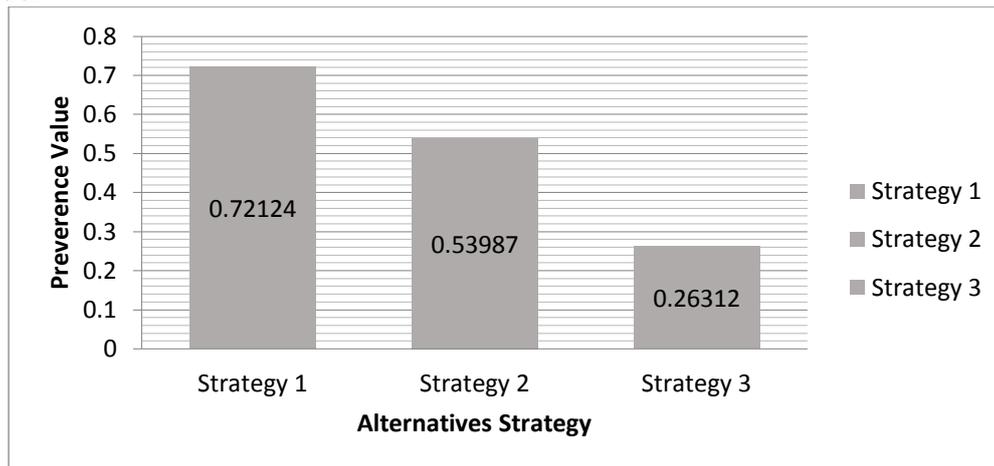
1. SO Strategies consist of:
 - a. Maintain & increase the quality of product as well as the service to the customer. (S1, S2, S3, O1, O2, O8).
 - b. Strengthening relationships with the stakeholders (S3, S4, O3, O4, O6, O8).
2. WO Strategies consist of:
 - a. Increasing Human Resources through training conducted by the local government (W1, W2, O1, O2).
 - b. Strengthening capital through cooperation with the local government. (W2, W3, O1, O4, O5).
 - c. Market Development (O1, O2, O6, W5).
 - d. Improve production technology. (W2, W4, S1-S4).
 - e. Utilization of social media as a promotion tool to reach wider market. (W7, O6, O7).
3. WT Strategies consist of:
 - a. Establish market pricing strategy to deal with the competition. (T2, T3, T5, T6, W4, W5).
 - b. Improve payment and bookkeeping system. (W8, T2, T5).
4. ST Strategies consist of:
 - a. Improve products attribute with brands, labels, diverse designs and motifs. (S1, S2, S3, T3, T4, T5).

Decision Stage

In this stage, the preferred alternative strategies from *the matching stage* (result of SWOT and Internal-External Matrix) further been analyzed in order to be weighted in sequence by using QSPM and TOPSIS model. The results are as follows:

QSPM

Priorities of the strategies for UD. Aditya Meubel based on the sum total attractive scores and the conventional QSPM ranking result are Market Development > Product Development > Market Penetration. Where the respective weight results of the alternatives are: Market Development (3.697), Market Penetration (2.929) and Product Development (3.338).

TOPSIS Model**Figure 5 .Rank of Alternative Strategy**

Source: Data Processed 2017.

In fuzzy TOPSIS, strategy 1 (the market development) is still dominated among other alternatives just like the result of QSPM, the changes has been occurred to another alternatives strategies especially strategy 3 (Product development) and strategy 2 (Market Penetration). In fuzzy TOPSIS market penetration is on the second preferred alternative for the sustainability of UD. Aditya Meubel, while product development is on the last preferred alternative strategy that need to be executed by UD. Aditya Meubel.

CONSLUSION AND RECOMMENDATION**Conclusion**

Referring to the discussion on the previous section of this research, there are several points that can be drawn as a conclusion:

1. The result of alternatives strategy as it was extracted from the internal and external factors using SWOT and IE show that UD. Aditya Meubel is in *aggressive position* that automatically requires it to conduct *the intensive strategies* which are *market development, market penetration and product development*.
2. The alternatives strategy that has been confirmed in analytical tools (SWOT and Internal-External) later been calculated in QSPM, the result shows that *market development* become the top preferred priority among *product development* and *market penetration*.
3. Furthermore, considering the limitation of QSPM that it can only be as good as the provided information and the analysis method up on which the strategy rankings are based, then the additional of Fuzzy TOPSIS is proposed to assist the conventional QSPM. In Fuzzy TOPSIS, the result is slightly different compared to the result of conventional QSPM, because in Fuzzy TOPSIS the final result is calculated based on the positive and negative solution distance as the dissemination of numeric fuzzy. By this mathematical analytical tool, then the preference value has been calculated through every formula in every step of the TOPSIS method. Strategy 1 (market development) still dominated as the top preferred alternative strategy as the ideal solution for UD. Aditya Meubel. What makes it different is the result of strategy 2 (Market Penetration) and 3 (Product Development) that has been changed compared to QSPM. In Fuzzy TOPSIS Market penetration has the second highest preference value after market development or has the relative closeness to the ideal solution.

Recommendation

By the comparison between QSPM and Fuzzy TOPSIS result then *market development* has become as the top of strategy recommendation for the business, where both QSPM analytical method and Fuzzy TOPSIS calculation model placing it to the same position. Thereby, UD. Aditya Meubel needs to entering new region and it can be started gradually from the local surrounding area of the 5 commonly marketing areas within North Bolaang Mongondow considering the condition of UD. Aditya Meubel which still in growing process but along

with the increasing of demand this business still has the limited capital to reach more wider market, so by implementing the market development gradually then UD. Aditya Meubel can expand the business but still be able to save some of its revenue either to conduct the management improvement or executing other recommendation strategy such as market penetration or product development. The chosen of market development as the recommendation of strategy was rated as an efficient and effective way to both increasing the revenue and market share knowing the geographical distance to the new market in local surrounding area is not so scattered rather than out of North Bolaang Mongondow and by that, the cost can be minimized.

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