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"Small and Medium-sized
Enterprises Competitiveness"

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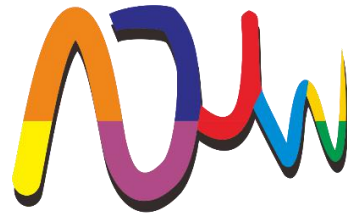
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AGRIBUSINESS
DEVELOPMENT FOR
HUMAN WELFARE

*“Small and Medium-sized
Enterprises Competitiveness”*



Agribusiness Development
for Human Welfare

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EDITOR FOREWORD

The economic integrations by ASEAN certainly have given a major influence on Small and Medium-sized Enterprises (SMEs). Beside economic integration in the form of free trade area (FTA) that has been going on since the early 2000s, economic integration in the form of ASEAN Economic Community (AEC) has been ongoing since the beginning of 2016. Through this integration, SMEs have opportunity to expand access to markets, technology, and capital. But at the same time SMEs are required to improve their competitiveness in order to survive in the market.

In order to explore ideas, concept, and innovations related to the competitiveness of SMEs, International Conference on Agribusiness Development for Human Welfare (ADHW 2016) was held in Yogyakarta on May 14, 2016. The conference organized by Department of Agribusiness Universitas Muhammadiyah Yogyakarta, in collaboration with Department of Agribusiness and Information System Universiti Putra Malaysia, Department of Agro-Industrial Technology Kasetsart University, Department of Agriculture Socio-Economics Universitas Gadjah Mada, Department of Agriculture Socio-Economics of Universitas Brawijaya, Indonesian Society of Agriculture Economics, Agribusiness Association of Indonesia. Hopefully proceedings of ADHW 2016 provide stimulus for increasing competitiveness of SMEs in ASEAN, especially in Indonesia.

Furthermore, we are grateful to Allah, the Sustainer of all word, who always makes it easy for our affairs. We would like to acknowledge with thanks to all the institution and individual who joined with resources and efforts in organizing the conference that resulted in the papers which are published in this proceeding. Special thanks to all authors and discussants who contributed with their intellectual capital and responded to our call papers. Thanks and acknowledgment are also due to all reviewers of the conference who helped in evaluating submitted papers; and to the members of the Organization Committee, who ensured smooth execution of the event.

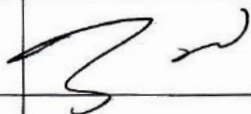
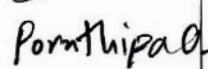

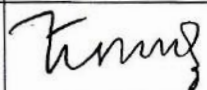
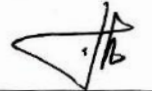
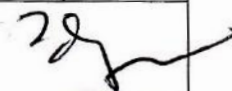
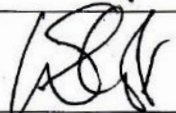
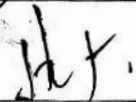
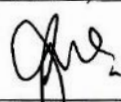

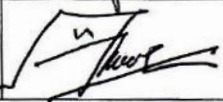
May 30, 2016

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PREFACE

Assalaamualaikum, Warahmatullaahi., Wabarakaatuh.
Dear Honorable Governor of Yogyakarta Special Province
Dear respectable Prof. Dr. Zainal Abidin Mohamed
Dear respectable Asist. Prof. Pornthipa Ongkunaruk
Dear respectable Rector of UMY Prof. Dr. Bambang Cipto, MA.
Dear all invited Guests, Speakers, and Participants of International seminar of ADHW 2016.

Alhamdulillah, all praise be to the Almighty God, so that we can be gathering here today at Muhammadiyah University of Yogyakarta in order to attend the Conference on Agribusiness Development for Human Welfare (ADHW) 2016.

Ladies and Gentlemen,

On behalf of the committee, I would like to say welcome to this International Conference on ADHW 2016 and thank you for attending our invitation.

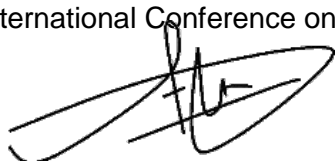
Especially, we are grateful to invited speakers, Prof. Zainal Abidin Mohamed and Asist. Prof. Pornthipa Ongkunaruk, for their willingness to share information and thoughts in this conference. As a bit report, that this conference has been attended by 85 speakers coming from five countries.

This conference entitled "Small and Medium-sized Enterprise Competitiveness". ASEAN Economic Community is the largest economic integration that is going to be implemented at the beginning of 2016 (December 31, 2015). Through this integration, SMEs will have opportunity to expand access to markets, technology, and capital. But at the same time SMEs are required to improve their competitiveness in order to survive in the market. We expect that this seminar is capable of producing thoughts building SMEs within ASEAN, especially Indonesia, to face the free trade.

This event can be done by support and efforts from all sides. Therefore, I would like to say thank you to all committee members having worked hard to conduct this event. We, as the organizer committee, do apologize when there is a shortage in conducting this event.

Wassalamualaikum, Warahmatullaahi., Wabarakaatuh.

Chairman
International Conference on ADHW 2016



Dr. Aris Slamet Widodo, SP., MSc.

WORDS OF WELCOME

Assalamu'alaikum warahmatullahi wabarakatuh

Alhamdulillah, all praise be to Allah SWT, who has given us His blessings so that this International Seminar of Agribusiness Development for Human Welfare (ADHW) 2016 entitled "Small and Medium-sized Enterprises Competitiveness" can be conducted. This International Conference is held in cooperation among Agribusiness Study Program of Muhammadiyah University of Yogyakarta with Putra University of Malaysia (UPM), Kasetsart University (KU), Association of Indonesian Agricultural Economy (PERHEPI), and Agribusiness Association of Indonesia (AAI), Universitas Gadjah Mada (UGM) and Universitas Brawijaya (UB).

Countries of ASEAN members like Indonesia, Malaysia, and Thailand have more than 90% Small and Medium-sized Enterprises (SMEs). In general, SMEs play important role in economic developments such as in terms of employment, added value, improve foreign exchange, and economic growth. For Indonesia, the role of SMEs is limited to employment and added value, while the foreign exchange from SMEs is still low. According to the General Director of SMEs of Industrial Ministry, in 2013 the total SMEs being able to pass through export market is just under 5 percent. For that required many breakthrough and innovation so that the role of SMEs becomes real economic development, especially in Indonesia, and generally in ASEAN countries.

On behalf of Agribusiness Department of Universitas Muhammadiyah Yogyakarta, we would like to express our gratitude Putra University of Malaysia (UPM), Kasetsart University (KU), Association of Indonesian Agricultural Economy (PERHEPI), Agribusiness Association of Indonesia (AAI), Universitas Gadjah Mada (UGM) and Universitas Brawijaya (UB) for all supports, sponsors, and all committee members having worked so hard that this International Conference can be conducted.

Hopefully, these synergies coming from various parties can provide contribution for developing SMEs in Indonesia and other ASEAN countries as well.

Wassalamu'alaikum warahmatullahi wabarakatuh

Head of Agribusiness Department
Universitas Muhammadiyah Yogyakarta



Ir. Eni Istiyanti, MP.



Gubernur

Daerah Istimewa Yogyakarta

Sambutan

KONFERENSI INTERNASIONAL

“AGRIBUSINESS DEVELOPMENT FOR HUMAN WELFARE”

Yogyakarta, 14 Mei 2016

Assalamu'alaikum Wr. Wb.

Salam sejahtera untuk kita semua.

Yang Saya hormati :

- Rektor Universitas Muhammadiyah Yogyakarta;
- Para Narasumber;
- Hadirin dan Para Peserta yang berbahagia,

Puji dan syukur marilah kita panjatkan kehadirat Allah SWT karena hanya atas limpahan rahmat serta karunia-Nya, kita dapat hadir pada kesempatan acara **Konferensi Internasional “Agribusiness Development For Human Welfare”** ini dalam keadaan sehat wal’afiat.

Pada kesempatan kali ini, secara ringkas Saya akan menyampaikan mengenai industri kecil menengah nasional yang menjadi tema pada pembukaan Seminar Internasional “Agribusiness Development For Human Welfare” ini.

Hadirin dan Saudara-saudara sekalian yang Saya hormati,

Berdasarkan data BPS, pertumbuhan industri pengolahan nonmigas pada tahun 2015 secara kumulatif sebesar 5,04%; lebih tinggi dari pertumbuhan ekonomi (PDB) pada periode yang sama sebesar 4,79%. Pada periode Januari-Desember 2015, nilai ekspor produk industri pengolahan nonmigas mencapai USD 106,63 Milyar, dan nilai impor mencapai USD 108,95 milyar, sehingga neraca perdagangan industri pengolahan nonmigas pada periode yang sama sebesar USD 2,32 milyar (neraca defisit).

Usaha pemerintah untuk memperkecil defisit di atas, salah satunya dengan cara memberdayakan Industri Kecil dan Menengah (IKM) yang merupakan bagian penting dalam perkembangan industri nasional. Sampai saat ini, Industri Kecil dan Menengah

telah berkontribusi sebesar 34,82% terhadap pertumbuhan industri pengolahan nonmigas secara keseluruhan.

Angka ini dapat tercapai karena dukungan lebih kurang 3,6 juta unit usaha, yang merupakan 90 persen dari total unit usaha insutri nasional. Jumlah unit usaha tersebut telah mampu menyerap tenaga kerja sebesar 8,7 juta orang, yang tentunya berdampak pada meningkatnya ekonomi nasional serta mengurangi kemiskinan.

Industri Kecil dan Menengah (IKM) memiliki peran yang strategis dalam perekonomian nasional. Hal ini sejalan dengan Visi Pemerintah dalam Rencana Pembangunan Nasional Jangka Menengah (RPJMN) 2015-2019 yaitu *“Terwujudnya Indonesia yang berdaulat, mandiri, dan berkepribadian berlandaskan gotong royong”*.

Untuk lebih meningkatkan peran tersebut, Penumbuhan dan Pengembangan Industri Kecil dan Menengah diarahkan untuk memiliki tujuan jangka menengah guna mewujudkan industri kecil dan industri menengah yang berdaya saing, berperan signifikan dalam penguatan struktur industri nasional, pengentasan kemiskinan dan perluasan kesempatan kerja, serta menghasilkan barang dan/atau jasa Industri untuk keperluan ekspor.

Hadirin dan Saudara-saudara sekalian,

Awal tahun ini, kita telah memasuki era Masyarakat Ekonomi ASEAN (MEA). Dengan demikian, perekonomian nasional akan langsung bersaing dengan para pelaku pasar di kawasan ASEAN. Produk dan jasa termasuk investasi negara-negara anggota telas bebas memasuki pasar di kawasan ASEAN.

Dalam rangka menghadapi hal tersebut, Pemerintah mengambil langkah-langkah strategis berupa peningkatan daya saing industri dan mendorong investasi di sektor industri; di mana peningkatan daya saing industri itu sendiri dilakukan melalui penguatan struktur industri dengan melengkapi struktur industri yang masih kosong serta menyiapkan strategi ofensif dan defensif dalam akses pasar.

Pemerintah telah melakukan Penguatan Sektor IKM dengan strategi ofensif dan defensifnya melalui beberapa program pelaksanaan, diantaranya antara lain: Penumbuhan Wirausaha Baru; Pengembangan IKM melalui Pengembangan Produk IKM serta Peningkatan Kemampuan Sentra dan UPT; Pemberian Bantuan Mesin dan Peralatan Produksi; Perluasan Akses Pasar melalui Promosi dan Pameran; Fasilitasi Pendaftaran Hak Kekayaan Intelektual; Fasilitasi Sertifikasi Mutu Produk dan Kemasan; serta Fasilitasi Pembiayaan melalui Skema Kredit Usaha Rakyat (KUR).

Saya berharap agar berbagai program-program pemerintah tersebut dapat didukung secara sinergis oleh seluruh komponen masyarakat. Untuk itu, Saya berpesan kepada Saudara-saudara sekalian agar semua program pemerintah dalam bidang

Industri, khususnya dalam program pemberdayaan Industri Kecil dan Menengah, didukung dengan sepenuh hati, agar dapat lebih bermanfaat bagi masyarakat dalam rangka pengembangan industri kecil menengah.

Hadirin dan Saudara-saudara sekalian yang Saya hormati,

Demikian beberapa hal yang dapat Saya sampaikan. Akhirnya dengan memohon ridho Allah Subhanahu Wata'ala, seraya mengucap "*Bismilahirrahmanirrahim*", **Konferensi Internasional "Agribusiness Development For Human Welfare"** dengan ini secara resmi Saya nyatakan dibuka. Semoga Allah SWT memberikan petunjuk, bimbingan, perlindungan dan kemudahan dalam setiap langkah dan upaya kita. Amien.

Sekian dan terima kasih.

Wassalamu'alaikum Wr. Wb.

Yogyakarta, 14 Mei 2016
GUBERNUR
DAERAH ISTIMEWA YOGYAKARTA



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BUSINESS DEVELOPMENT STRATEGY SOYBEAN SAUCE PRODUCTION IN CAP BAWANG SOY SAUCE COMPANY AT NGAWI REGENCY

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ABSTRACT

This research aims to identify costs, revenues and incomes of *Cap Bawang Soy Sauce Company*, critical success factors (*Strengths, Weaknesses, Opportunities and Threats*) of *Cap Bawang Soy Sauce Company*, alternative strategies and priority of business development strategies that can be applied to soybean sauce production in *Cap Bawang Soy Sauce Company*. This research uses descriptive analytical basis. Research locations selected intentionally (*purposive*) in *Cap Bawang Soy Sauce Company* at Ngawi Regency. Determination of the key informant intentionally (*purposive*), the owner and employees of the company, employee Disperindagkop Ngawi, customers, suppliers and resellers of *Cap Bawang Soy Sauce*. This research uses primary and secondary data. Data analysis techniques use: (1) Analysis of costs, revenues and incomes, (2) IFE and EFE Matrix, (3) Quantitative SWOT Matrix, (4) Qualitative SWOT Matrix, (5) QSPM. The results showed the company's cost in 2015 amounted Rp. 803,803,450.00, the company's revenues amount to Rp. 924,048,000.00, and the company's incomes Rp. 120,244,550.00. The values of IFE score are 0.7229 and EFE score are 0.8388 is showing the position of *Cap Bawang Soy Sauce Company* were in the first quadrant on Quantitative SWOT Matrix. Qualitative SWOT Matrix produces several alternative strategies by combining the Strengths and Opportunities of the company. The highest Value TAS (Total Attractive Score) of QSPM is 6.8271 that is the priority of the strategy to make the diversification of packaging products.

Keywords: Development Strategy, Ngawi, QSPM, Soybean Sauce, SWOT

INTRODUCTION

Indonesia is an agricultural country that has a diversity of agricultural product that can be used by humans to their daily lives. As the times, there is an activity process of agricultural product into a food or foodstuffs that enable people to consume. According to Seto (2001) food is a basic need that very important for every human, both physiologically and psychologically.

Soybean is one of the agricultural products in Indonesia which can be processed into food or foodstuffs. According to Cahyadi (2012) it is good to consume soybean because it has a complete chemical content. Soy sauce is a product of soybeans that produced by

agroindustry. The color of these products usually are black and their packing are plastic or bottles.

According Kotler (2006) every company must implement product development to shape the future of the company. Customers always want new products with changes such as the specific characteristics of products, improve product quality, increase product type, and change the size of the product to sufficient needs and desires of customers if they do not want the company that manages decline.

Cap Bawang soy sauce Company is soy sauce company in Ngawi. This company has been established since 1973 and include agroindustry. Total

productions of soybean sauce the last few years can be seen in Table 1 below.

Table 1. Data of Soybean Sauce Productions in *Cap Bawang* Soy Sauce Company at Ngawi Regency

Year	Productions (bottle)	ΔP (bottle)
2010	153.495	-
2011	160.434	6.939
2012	159.964	- 470
2013	146.044	- 13.920
2014	124.512	- 21.532

Source: Data Processed of *Cap Bawang* Soy Sauce Company at Ngawi Regency, 2015

Based on Table 1 can be said that productions of *Cap Bawang* soy sauce Company did not experience a significant increase every year. The decrease of the productions started in 2012 and continued until 2014. The decrease of the productions from year to year is great. This decrease of the productions is caused by one factor; the company can't complete the demands of consumers. The productions continue to decrease may influential to revenue of the company as well as influential sustainability *Cap Bawang* soy sauce Company.

This research aims to identify costs, revenues and incomes of *Cap Bawang* Soy Sauce Company, critical success factors (*Strengths, Weaknesses, Opportunities and Threats*) of *Cap Bawang* Soy Sauce Company, alternative strategies and priority of business development strategy that can be applied to soybean sauce production in *Cap Bawang* Soy Sauce Company.

Several data analysis techniques both quantitative and qualitative were used to identify the business so that it earned internal and external conditions of the company, acquired alternative strategies and priority strategic. The company needs to determine priority strategic so the soybean sauce production business running smoothly.

METHOD

Basic Method

This research uses descriptive analytical basis. The research technique is the case study. Research locations selected intentionally (*purposive*) in *Cap Bawang* soy sauce Company at Ngawi Regency.

Key Informant

Determination of key informants is intentionally (*purposive*), the number of the informants is different for each stage. The selection of key informants is considered to know the business of soybean sauce production so the researcher can get much information.

The selected of key informants in stage I to identify critical success factors consist of 17 people. Key informants to identify internal factors consist of owner and employees of the company. The key informants who identify external factors consist of Disperindagkop Ngawi, customers, suppliers and resellers of *Cap Bawang* Soy Sauce. Key informants were selected in stage II to give weight and rating on IFE and EFE Matrix consist of 3 people, they were the owner and employee of the company and also Disperindagkop Ngawi. Key informant was selected in stage III to produce alternative strategies and priority of the strategy is the owner of the company.

Data Analysis Techniques

Method of data analysis was performed use analysis of business

consists cost, revenue, and income of *Cap Bawang* Soy Sauce. Alternative strategies were formulated by qualitative SWOT Matrix and quantitative SWOT Matrix. The priority of strategy was determination using QSPM.

Company's revenue is calculated with the following formula:

$$TR = Y \times P_y \quad (1)$$

Description: TR (Total Revenue of soybean sauce production (Rp)), Y (Products of soybean sauce production (Bottle)), P_y (Price of soybean sauce production (Rp)).

Company's cost is calculated with the following formula:

$$TC = TFC + TVC \quad (2)$$

Description: TC (Total Cost of soybean sauce production (Rp)), TFC (Total Fixed Cost of soybean sauce production (Rp)), TVC (Total Variable Cost of soybean sauce production (Rp)).

Company's income is calculated with the following formula:

$$Pd = TR - TC \quad (3)$$

Description: Pd (Income of soybean sauce production (Rp)), TR (Total Revenue of soybean sauce production (Rp)), TC (Total Cost of soybean sauce production (Rp)).

Analysis of internal factors aims to identify the key internal factors into strengths and weaknesses of soybean sauce production in *Cap Bawang* Soy Sauce Company. The strengths and weaknesses are analyzed use IFE matrix to acquire main strength and main weakness of soybean sauce production. Analysis of external factors aims to identify the key external factors into opportunities and threats of soybean sauce production in *Cap Bawang* Soy Sauce Company. The opportunities and threats are analyzed use EFE matrix to acquire main opportunity and main threat of soybean sauce production. The method for give weight use pairwise comparison. To give rating, it uses mode of data which have been collected. If there is no mode, the median of data is used

Alternative strategies are formulated with quantitative SWOT Matrix and qualitative SWOT Matrix. Analysis of

quantitative SWOT Matrix produces the company's position. This matrix has four quadrants, they are quadrant I, quadrant II, quadrant III and quadrant IV and each quadrant has type of alternative strategies (Pearce and Robinson, 2007). Analysis qualitative SWOT Matrix produces the alternative strategies. This matrix has four cells possibility of alternative strategies : SO strategies (*Strength-Opportunity*), WO strategies (*Weakness-Opportunity*), ST strategies (*Strength-Threat*) and WT strategies (*Weakness-Threat*) (David, 2013).

Alternative strategies have been formulated are analyzed in QSPM. This matrix determines the relative attractiveness of alternative strategies that are built based on the critical success factors. The relative attractiveness of each alternative strategy is calculated by determining the cumulative effect of each of the key success factors of external and internal (David, 2013).

RESULTS AND DISCUSSION

General Conditions of *Cap Bawang* Soy Sauce Company

Cap Bawang Soy Sauce Company is located in Untung Suropati II Street No. 34 Ngawi, East Java. The company was founded by individuals, namely Mr. Yoso Soeharjo on August 8th, 1973. This soybean souce production business has had a License (SIUP) from the Department of Trade No.304/KP/1323/PPK/R/86. In addition the company also has a license from the Department of Industry No.224/JATIM.25/121X/1991.

The Company has long-term goals and short-term goals. Short-term goal are to improve the quality of production, realizing the production target in accordance with a predetermined plan, as well as maintain and sustain life of the company. The long term goals are achieving maximum profit and hold the company's expansion.

At the present, the owners of *Cap Bawang* Soy Sauce Company is Mr. Hary

Wahono. There are five parts of the company that are purchasing, warehouse, production, administration and public services and the marketing department. There are also members who assist the company's production activities.

Analysis of Cost, Revenue and Income

Total cost is overall costs in soybean sauce production that from adding up the fixed costs and variable costs. The fixed costs consist of depreciation of tools cost, land and

building tax cost, and also electricity cost. The variable cost consists of material cost, fuel cost, packaging attributes cost, and labor cost. The revenue is all income that received in soybean sauce production. The income is the amount of value for the money earned from subtracting the company's revenue with company's total costs. The income of soybean sauce production in *Cap Bawang Soy Sauce Company* for one year can be seen in Table 2.

Table 2. Income of Soybean Sauce Production in *Cap Bawang Soy Sauce Company* at Ngawi Regency 2015

Commentary	Amount (Rp)	Total (Rp)
Cost		803,803,450
a. Fix Cost		
depreciation of tools	9,935,000	
land and building tax	7,843,000	
Electricity	4,800,000	
b. Variable Cost		
material	412,561,000	
Fuel	68,316,000	
packaging attributes	18,288,450	
Labor	282,000,000	
Revenue		924,048,000
Income		120,244,550

Source: Data Processed in 2016

Based on the table, the highest of fix cost is depreciation of tools cost. The tools used for the soybean sauce production are soy sauce bucket, stirrer, filter bucket, little bucket, winnowing, gas stove, packaging bottle tool, bottle soy sauce, crates, and water pumps. Trucks are helpful for the marketing of soy sauce product. The smallest fix cost is electricity.

The highest of variable cost is materials cost. The main material of soybean sauce is soy. Auxiliary materials of soybean sauce are coconut sugar, salt and water. Seasoning of soybean sauce made from garlic, *pekak*, laos dan *adas*. The smallest variable cost is packaging attributes cost.

Total of company's cost in 2015 amount to Rp 803,803,450.00. The company's revenue is Rp 924,048,000.00. So that, the company's income of soybean sauce production in

2015 amount to Rp 120,244,550.00. Base on Hapsari (2008) when the company's revenue is bigger than total cost ($R/C > 1$) this inform that business deserves to be continued. The company's revenue can be used to develop the company's business and daily lives of the owner.

Analysis of Internal Factors and External Factors

Internal factors include the condition of the financial, human resources, production, product variations and marketing. Condition such factors produce strengths and weaknesses of soybean sauce production are analyzed in the IFE Matrix. Kasim (2011) score is calculated by multiplying the weight by the rating.

The weight is indicates the level importance of the critical success factors.

The most important factor of the strength is marketing process by visiting consumers with the weight amount to 0.1011. Strength that has the lowest interest level is bookkeeping is done in an orderly manner with the weight amount to 0.0322. The most important factor of the weakness is level of consistency and maturity less consistent with the weight amount to 0.0964. Weakness that has the lowest interest level is not increase in labors quality with the weight amount 0.0395.

The main strength in soybean sauce production is having distinctive flavor that tasteful with the score amount to 0.3168. The main weakness in soybean sauce production is efforts in achieve the business vision is low with the score amount 0.1195. The difference in value score of the strengths and weaknesses is 0.7229 indicates that the internal factors of the company is in a positive position cause that is more than 0 (Pearce and Robinson, 2007). This means that the company has the ability to increase the strength of the business.

Table 3. IFE matrix Soybean Sauce Production in *Cap Bawang* Soy Sauce Company at Ngawi Regency

Internals Faktor	Weight	Rating	Score
Strengths			
1. Soybean sauce production is profitable	0,0890	3	0,2669
2. Bookkeeping is done in an orderly manner	0,0322	4	0,1288
3. The labors are reliable	0,0460	3	0,1381
4. Process of productions are regularly	0,0364	3	0,1092
5. The products do not use preservatives	0,0535	4	0,2142
6. Having distinctive flavor that tasteful	0,0792	4	0,3168
7. The marketing process by visiting consumers	0,1011	3	0,3034
Total of Strengths			1,4775
Weaknesses			
1. The company's revenue is experience a downward trend	0,0612	1	0,0612
2. Efforts in achieve the business vision is low	0,0597	2	0,1195
3. There is no clear job specification	0,0439	2	0,0878
4. No increase in labors quality	0,0395	2	0,0789
5. The process of production is conducted openly	0,0698	1	0,0698
6. There is only one packaging and product size	0,0636	1	0,0636
7. Level of consistency and maturity less consistent	0,0964	1	0,0964
8. Distribution only in the area of Ngawi	0,0490	2	0,0980
9. Promotion and advertising is still minimum	0,0794	1	0,0794
Total of Weaknesses			0,7546
Difference (Total Strengths - Total of Weaknesses)			0,7229

Source: Primary Data Analysis, 2016

External factors include economic conditions, social, cultural, technological, consumers, retailers, suppliers, and natural condition. Condition such factors produce opportunities and threats of soybean sauce production are analyzed in the Table 4 that is EFE Matrix.

The most important factor of opportunity is soy sauce as food complementary materials that are often used with the weight amount to 0.1060. Opportunity that has the lowest interest level is rapid technological developments with the weight amount to 0.0340. The most important factor of the threat is the material derived from various suppliers with the weight amount to 0.1163. Threat that has the lowest interest level is

technology of production is expensive with the weight amount 0.0543.

The main opportunity in soybean sauce production is soy sauce as food complementary materials that are often used with the score amount to 0.4241. The main threat in soybean sauce production is Season affect the availability of materials with the score amount to 0.1750. The difference in value score of the opportunities and threats is 0.8388 indicates that the external factors of the company is in a positive position cause more than 0 (Pearce and Robinson, 2007). This means that the company has the ability to take advantage of business opportunities.

Table 4. EFE matrix Soybean Sauce Production in *Cap Bawang* Soy Sauce Company at Ngawi Regency

External Factors	Weight	Rating	Score
Opportunities			
1. The economic development of the public is good	0,0804	3	0,2412
2. Received good response from the public	0,0961	3	0,2883
3. Soy sauce as a food complementary materials that are often used	0,1060	4	0,4241
4. Rapid technological developments	0,0340	3	0,1021
5. High demand from consumers	0,0938	4	0,3753
6. Created good relations between company and suppliers	0,0511	3	0,1534
Total of Opportunities			1,5845
Threats			
1. Technology of production is expensive	0,0543	2	0,1086
2. Technology of production is not available in the area of Ngawi	0,0609	2	0,1219
3. Consument demand is higer	0,0557	2	0,1115
4. Retailers want a high profit	0,0574	2	0,1147
5. The price of materials are fluctuate	0,1063	1	0,1063
6. The material derived from various suppliers	0,1163	1	0,1163
7. Season affect the availability of materials	0,0875	2	0,1750
Total of Threats			0,7457
Difference (Total of opportunities - Total of Threats)			0,8388

Source: Primary Data Analysis, 2016

Alternatif Strategies of Soybean Sauce Production

Alternative strategies in soybean sauce production are formulated with two analytical techniques. Quantitative SWOT Matrix is used to determine the position of the soybean sauce productin. Qualitative SWOT Matrix is used to formulate alternative strategies based on the company's position.

The results of the score on IFE Matrix and EFE Matrix are analyzed with quantitative SWOT Matrix to determine the position of soybean sauce production

in *Cap Bawang* Soy Sauce Company at Ngawi Regency. On the x axis of the quantitative SWOT matrix obtained from subtracting the strength score to weakness score in matrix IFE of soybean sauce production. The value of x axis is 0.7229. The y axis of the quantitative SWOT matrix obtained from subtracting the opportunity score to threat score in matrix EFE of soybean sauce production. The value of y axis is 0.8388. The position of *Cap Bawang* Soy Sauce Company in the quantitative SWOT Matrix showed at figure 1.

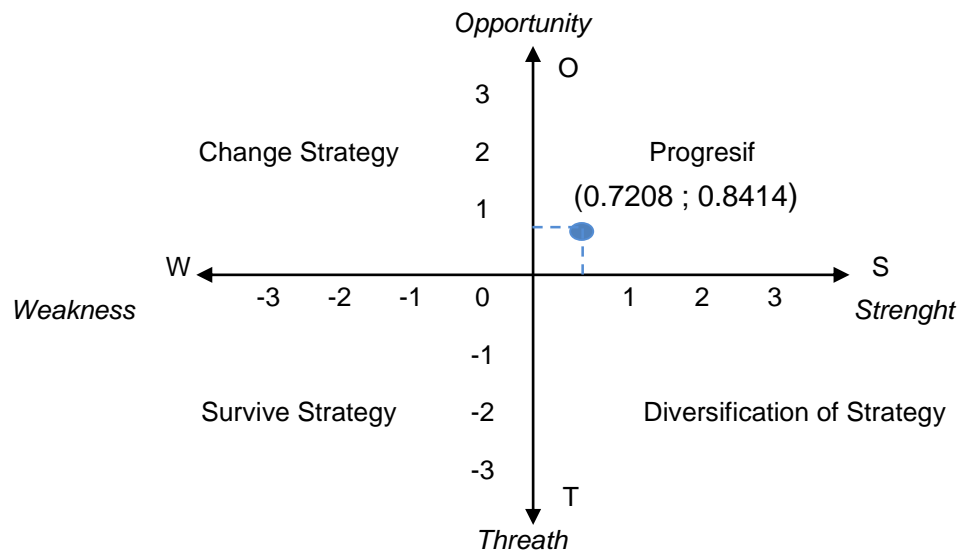


Figure 1. Quadrant Quantitative SWOT of Soybean Sauce Production in *Cap Bawang* Soy Sauce Company at Ngawi Regency

Soybean sauce production at quadrant I that is progressive. These position make business developments are in the most favorable conditions (Suci, 2013). Alternative strategies are formulated to maximize the strengths and take advantage of business opportunities and the strategy can be a market development, product development, vertical integration, horizontal integration, concentric diversification and joint venture.

Qualitative SWOT Matrix is used to formulate alternative strategies of business development. Alternative strategies are formulated together with key informant owner of the company by combining the strengths and opportunities of a business soy sauce production and adjust the position of the company based on analysis of quantitative SWOT Matrix


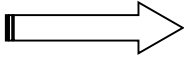
Internal Factors	 Strengths (S)	Weaknesses (W)
External Factors		
 Opportunities (O)	SO Strategies	WO Strategies
	<ol style="list-style-type: none"> 1. Planning the sales promotion and advertising of the products (S₁, S₅, S₇, O₁, O₃, O₄) 2. Make the diversification of packaging products (S₁, S₃, S₄, O₂, O₄, O₅, O₆) 3. Establish SOP (Standard Operating Procedure) for maintaining product quality (S₂, S₃, S₆, O₂, O₄) 4. Distribute the product to the geographical area of the new marketing (S₃, S₄, S₇, O₁, O₂, O₃) 	
Threats (T)	ST Strategies	WT Strategies

Figure 2. Quadrant Qualitative SWOT of Soybean Sauce Production in *Cap Bawang* Soy Sauce Company at Ngawi Regency

The result of position analysis indicates that the company in the quadrant I so the alternative strategies are formulated is SO strategy. Chan (2011) SO strategy is to make the best use of the internal strengths while grasping the external opportunities to obtain the advantage. Base on strengths and opportunities formulated alternative strategies can be applied to the business

of soy sauce production. Alternative strategies that produce from qualitative SWOT Matrix are planning the sales promotion and advertising of the products, make the diversification of packaging products, establish SOP (Standard Operating Procedure) for maintaining product quality, distribute the product to the geographical area of the new marketing.

Tabel 5. Matrix QSPM of Soybean Sauce Production in *Cap Bawang* Soy Sauce Company at Ngawi Regency

Key Factors	Weight	Alternative Strategies							
		Strategy 1		Strategy 2		Strategy 3		Strategy 4	
		AS	TAS	AS	TAS	AS	TAS	AS	TAS
Strengths									
S ₁	0.0890	2	0.1780	4	0.3559	1	0.0890	3	0.2669
S ₂	0.0322	1	0.0322	3	0.0966	4	0.1288	2	0.0644
S ₃	0.0460	1	0.0460	4	0.1842	3	0.1381	2	0.0921
S ₄	0.0364	2	0.0728	4	0.1455	1	0.0364	3	0.1092
S ₅	0.0535	2	0.1071	3	0.1606	4	0.2142	1	0.0535
S ₆	0.0792	2	0.1584	3	0.2376	4	0.3168	1	0.0792
S ₇	0.1011	1	0.1011	3	0.3034	2	0.2023	4	0.4045
Weaknesses									
W ₁	0.0612	2	0.1225	4	0.2449	1	0.0612	3	0.1837
W ₂	0.0597	1	0.0597	3	0.1792	4	0.2389	2	0.1195
W ₃	0.0439	1	0.0439	3	0.1317	4	0.1756	2	0.0878
W ₄	0.0395	2	0.0789	3	0.1184	4	0.1579	1	0.0395
W ₅	0.0698	1	0.0698	3	0.2093	4	0.2791	2	0.1395
W ₆	0.0636	3	0.1909	4	0.2545	1	0.0636	2	0.1272
W ₇	0.0964	1	0.0964	3	0.2891	4	0.3855	2	0.1928
W ₈	0.0490	3	0.1469	2	0.0980	1	0.0490	4	0.1959
W ₉	0.0794	4	0.3177	3	0.2383	1	0.0794	2	0.1588
Opportunities									
O ₁	0.0804	3	0.2412	4	0.3216	1	0.0804	2	0.1608
O ₂	0.0961	2	0.1922	4	0.3843	1	0.0961	3	0.2883
O ₃	0.1060	3	0.3181	4	0.4241	1	0.1060	2	0.2121
O ₄	0.0340	2	0.0681	4	0.1362	3	0.1021	1	0.0340
O ₅	0.0938	2	0.1876	4	0.3753	1	0.0938	3	0.2815
O ₆	0.0511	1	0.0511	4	0.2046	2	0.1023	3	0.1534
Threats									
T ₁	0.0543	1	0.0543	3	0.1629	4	0.2172	2	0.1086
T ₂	0.0609	1	0.0609	4	0.2437	3	0.1828	2	0.1219
T ₃	0.0557	2	0.1115	3	0.1672	4	0.2229	1	0.0557
T ₄	0.0574	2	0.1147	4	0.2294	1	0.0574	3	0.1721
T ₅	0.1063	1	0.1063	3	0.3190	4	0.4254	2	0.2127
T ₆	0.1163	2	0.2326	3	0.3488	4	0.4651	1	0.1163
T ₇	0.0875	2	0.1750	3	0.2625	4	0.3500	1	0.0875
STAS			3.7360		6.8271		5.1175		4.3194

Source: Primary Data Analysis, 2016

Priority Strategi of Soybean Sauce Production

The priority of strategy which selected has the highest of STAS. The STAS reveal which strategy is most attractive. Higher scores point at a more attractive strategy, considering all the relevant internal factors and external factors that could affect the strategic decision (Ommani, 2011).

These are the alternative strategies are formulated with qualitative SWOT Matrix and their STAS as follows:

1. Planning the sales promotion and advertising of the products (3.7360).
2. Make the diversification of packaging products (6.8271).

3. Establish SOP (Standard Operating Procedure) for maintaining product quality (5.1175).
4. Distribute the product to the geographical area of the new marketing (4.3194).

The priority strategy to business development of soybean sauce production in *Cap Bawang* Soy Sauce Company at Ngawi Regency based QSPM (*Quantitative Strategic Planning Matrix*) is the second strategy with the greatest STAS (6.8271) which make the diversification of packaging products.

Strategy diversification of packaging products is a kind of market development strategy. This strategy maximizing the strength factors of soybean sauce

production that are the company's revenue is experience a downward trend, there is no clear job specification, and no increase in labors quality. And also to obtain the advantage from opportunity factors that are received good response from the public, rapid technological developments, high demand from consumers, and created good relations between company and suppliers.

Strategy diversification of packaging products expands market share. The large market share will be increased the number of consumers. These consumers will be increase the productions of the soybean sauce product and than increase the income of company.

CONCLUSION

Based on the research business development strategy of soybean sauce production in *Cap Bawang Soy Sauce Company* at Ngawi Regency acquired priority development strategy that can be applied to soybean sauce production is make development with diversification of packaging products. Therefore, *Cap Bawang Soy Sauce Company* can add types of packaging products, such as sachets, pouches and plastic bottles. The company also can make variety of package sizes product that smaller than the previous. This strategy adds the market segment and enable consumers to make purchases of *Cap Bawang* soy sauce.

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DISCUSSION FROM PARALLEL SESSION

PAPER TITTLE	BUSINESS DEVELOPMENT STRATEGY SOYBEAN SAUCE PRODUCTION IN <i>CAP BAWANG</i> SOY SAUCE COMPANY AT NGAWI REGENCY
AUTHOR	Feti Munika Sakti, Mohamad Harisudin, Raden Rara Aulia Qonita
DISCUSSION	
QUESTION	<ol style="list-style-type: none"> 1. Why the effort of the business is low every year? 2. What about the promotion/marketing? 3. Is there any advertising for their product? 4. How to improve the producing?
ANSWER	<ol style="list-style-type: none"> 1. Main problem is the packaging (the variety just one) 2. Promotion just only mouth to mouth
SUGGESTION	<ol style="list-style-type: none"> 1. Make sure there is connection before figure, prinity, strategy, and conclusion 2. State in your slide why the cap bawang company production loser/ decrease every year (because advertising) 3. Need to make sure about progressive of quadrant I



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