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## MSME Strategy Planning Using the SWOT and IE Matrix Analysis Approach

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**Abstract:**

*The goal of MSME Farida Snack and APHE is to develop skin crackers that are more valuable in the perspective of customers. Taking into account that the COVID-19 pandemic is still causing economic instability today. Because of this, MSME participants must conduct strategic analysis in order to continue operating their business. With the intention of strengthening the MSME strategy through this research. Utilizing study locations in Karawang Regency, a SWOT analysis was undertaken. The research findings based on Swot analysis and actionable recommendations. Thus, using the S-O (Strength-Opportunities), W-O (Weaknesses-Opportunities), S-T (Strength-Threat), and W-T (Weaknesses-Threat) data, a SWOT matrix was created. In order to generate alternative strategies, the SWOT matrix attempts to match opportunities and threats as an external aspect encountered by firms with weaknesses as internal factors. The SWOT matrix, which is a matrix of nine cells each holding four potential cell methods, is used in the study. Next, the study's development took the outcomes of the IFE and EFE analyses into consideration. Next, using the findings of the IE analysis, the position and state of MSMEs.*

**Keywords:** Covid-19 Pandemic; SWOT Analysis; SWOT Matrix; IFE EFE Analysis; IE Matrix

### 1. Introduction

It seems like we want to talk about its importance economy and strategies in achieving future goals. A stable economy is indeed the key to society's life as a whole. However, appropriate strategies are also needed to overcome challenges and achieve desired goals (Wardana et al., 2021). The management strategy process can describe a purposeful, logical, systematic approach to making major choices within an organization. Strategic management organizes qualitative and quantitative information in order to make effective decisions when the organization is in doubt (David & R, 2016). According F. R. David (2006).The endeavor to find and create new products, markets, or both in order to pursue expansion, higher sales, productivity, stability, and profitability is known as product diversification (Jatmiko et al., 2021).

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Diversification according to Fandy Tjiptono (2007) can be carried out in three stages: (1) Concentric diversification refers to the introduction of new items that are linked to or have linkages with existing products in terms of technology or marketing. (2) Horizontal diversification, in which the business introduces new goods unrelated to its current lineup. (3) Vertical Diversification: the manufactured goods are unrelated to current items in terms of technology or marketing (Grundy, 2006)

Using information from the company's internal and external elements, a SWOT analysis is used to determine a business's strengths and weaknesses as well as opportunities and threats. (Bell & Rochford, 2016). Next, add it to the list of both internal and external factor evaluations (EFE and IFE, respectively) (Nofrizal, 2014) According to Tewari (2016) states that SWOT is one of several strategic planning tools used by businesses and other organizations to clarify the goals of the organization to describes a development or business venture (Suwartini et al., 2023). After the SWOT analysis is complete, the next stage of analysis is to create a General Strategy Matrix. General Strategy Matrix is a management tool used to create alternative strategies. According to S. Muhammad (2008), the principle is to position SBUSBU into one of the four quadrants formed by horizontal lines (depicting competitive position) and vertical (depicting market growth levels) (Wheelen, Hunger, & Hoffman, 2015). According to F. R. David (2010) the TWOS matrix presents the intention for strategy development based on a logical combination of related factors from internal strategy with external and internal factors. Thomas L. Wheelen, J. David Hunger and Alan N. Hoffman (2015). Four conceptual components are identified by the SOT Matrix: Weaknesses-Opportunity (W-O), Weaknesses-Thearts (W-T), Strength-Opportunity (S-O), and Strength-Thearts (S-T). Thus, the IFE and EFE analysis results were taken into consideration when this research was developed. The outcomes of the IE analysis will then be used to determine the status and situation of MSMEs.

Not every nation has the same definition of small and medium-sized enterprises (SMEs) or small and medium-sized enterprise size (SMEs). This is dependent upon the notion applied, as stated in Law No. 20 of 2008, Article 1. What MSMEs are defined as is: (1) Micro businesses are profitable companies run by people or by individual business organizations that fit the requirements set forth in this law for micro enterprises. (2) Stand-alone small firms are profitable enterprises. carried out by people or organizations that don't fit the definition of a small business as defined by this legislation and aren't subsidiaries or branches of enterprises that they own, control, or are otherwise affiliated with. (3) Stand-alone medium-sized enterprises are profitable economic enterprises. carried out by people or organizations that are not legally designated as subsidiaries or branches of businesses that are owned, managed, or integrated with them in any other way. According to Law No. 20 of 2008, if you consider your net worth and turnover, you meet the following requirements for MSMEs

1. The maximum assets and turnover for microbusinesses are IDR 50 million and IDR 300 million, respectively.
2. The assets and turnover of small firms range from IDR 50 million to IDR 500

million.

3. Medium-sized businesses have 500 million to 10 billion IDR in assets and 2.5 billion to 50 billion IDR in revenue.
4. The number of employees is another way to view the MSME requirements. Less than ten individuals work for micro businesses, less than thirty people work for small businesses, and up to 300 people work for medium-sized firms.

Through an innovation process, enterprise upgrading will be linked to the company's growth, in this case production units with small and medium-sized enterprises (SMEs) (Liani & Jumaidi 2023). Several literatures reveal various concepts in explaining this which are related to entrepreneurial characteristics, company characteristics, and inter-firm linkages and the business environment. The term "upgrading" in this study refers to the expansion of businesses on the Micro, Small, and Medium Enterprises (MSMEs) scale as a result of several forms of innovation. Innovation in this context might be understood as a corporation trying something new or doing something the same way (Mbae et al., 2023). On the other hand, it differs from direct competitors' procedures and techniques. (Schmitz, 1999). The corporate upgrading concept is shown below in Figure 1.



**Figure 1. Enterprise Upgrading Concept**

## 2. Methodology

A few places in Karawang Regency that make use of animal waste are Sukaluyu Village in the East Teluk Jambe District and West Adiarsa Village in the West Teluk Jambe District (cow hide). MSMEs and the local community haven't, however, fully embraced the opportunity to turn animal slaughter waste into valuable products. items like snack foods and cowhide crafts. Because the locals only make leather crackers from of cowhide that has been slaughtered. Business unit growth is not a yearly occurrence for the Micro, Small, and Medium-Sized Enterprises (MSMEs) Farida Snack and Aphe Skin Crackers in Sukaluyu Village, Teluk Jambe Timur District, and West Adiarsa Village, Teluk Jambe Barat District, Karawang Regency. Aside from that, this usually stays the case because business players have limited resources for product diversification, knowledge, raw materials, relationships, and funding for business growth and development. The purpose of this study is to help skin cracker micro, small, and medium-sized companies (MSMEs) plan and prepare strategies for growing their skin cracker processing businesses. in an effort to strengthen commercial ties, boost revenue, increase market share, and be able to rival the offerings of small and medium-sized businesses in Karawang Regency in particular.

This research was conducted using focus and group discussion (FGD) analysis techniques with the resource persons being MSME owners. The following is a series of research flows carried out:

1. Sort the information into categories: internal variables (strengths and weaknesses), external factors (opportunities and dangers).
2. Examine and contrast external and internal influences.
3. Analyze and expand on the findings of part B's analysis to determine which approach is feasible to implement.
4. Create improvement plans and/or strategies based on the group index's SWOT analysis findings.

Meanwhile, the following is a flowchart for carrying out this research activity, in Figure 2 below.

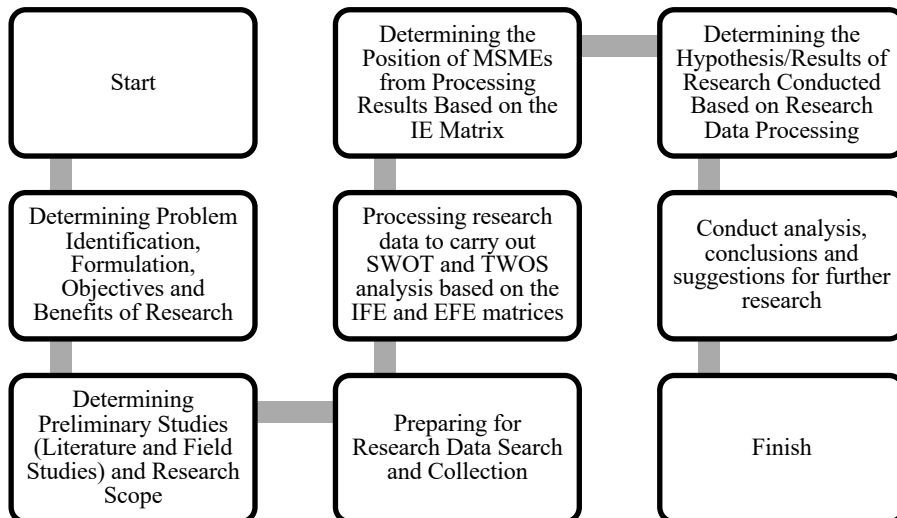


Figure 2. Research Flow Series

### 3. Empirical Findings/Result

The results and discussion of this public research use SWOT Analysis and Matrix to determine alternative strategies that can be implemented to maximize market potential for Farida Snack and Aphe MSMEs. The stages carried out are as follows.

#### A. SWOT analysis

In formulating a strategy that can be carried out by MSMEs to maximize market potential is to carry out a SWOT analysis. This analysis is used to find out and identify the potential of MSMEs. From this analysis, strengths, weaknesses, opportunities and threats will be known. From the results of this SWOT analysis, further action can then be taken to maximize the market potential of MSMEs. The SWOT analysis results of Farida Snack and Aphe MSMEs are in Table 1 below.

Table 1. SWOT Analysis Results

Strength		Weakness	
1	Has several flavor variants	1	Don't have social media yet
2	There are various packaging sizes	2	Raw materials taken from outside
3	Quality raw materials	3	The production process is still manual
4	Has BPOM and MUI permission	4	Unstructured production layout

5	Brands that already have licensing	5	There has been no cooperation with related agencies
6	There is a product guarantee and guarantee	6	Haven't touched the small stall yet
7	Cheap prices and not too expensive	7	The sales process is only carried out offline
8	There are cheaper package prices	8	Determination of prices based on market
<b>Opportunities</b>		<b>Threat</b>	
1	Development of Internet use	1	There are competitors with the same quality
2	There are many influencer services as advertising assistance	2	The number of substitute products
3	Crackers as a complementary food	3	Rare raw materials
4	Strategic production location	4	Expired Products
5	MSMEs under the auspices of the Cooperatives and SMEs Service	5	There is branding with the same name
6	People are selective in choosing products	6	Competitors who comb all segments down to small stalls
7	An increasingly consumerist society	7	Consumers are bored with the same products
8	There is empowerment of MSMEs from the government	8	Difficult economic conditions

**B. SWOT Matrix Analysis**

In order to provide alternative strategies, this study attempts to connect the company's internal strengths and weaknesses with opportunities and threats as external factors. The SWOT Matrix, a matrix of nine cells with four alternate approach cells within, is used in this research. The outcomes of the SWOT matrix are listed in Table 2 below.

**Table 2. SWOT Matrix Results**

		<b>Strength</b>	<b>Weakness</b>
		<b>S-O</b>	<b>W-O</b>
<b>Opportunities</b>	Collaborate with related agencies to make products into unique souvenirs		Designing tools to make the production process semi-automatic
	Market penetration by combing small shops		Maximize digital marketing by creating social media accounts
	Participate in exhibitions and bazaars held by related agencies		Carrying out branding using influencer services on social media
		<b>S-T</b>	<b>W-T</b>
<b>Threat</b>	Carry out business development by adding product variants		Reorganize the production site so that work is more organized and structured
	Producing from raw materials so that the production process can be more constant		Designing a good work system to increase worker productivity
	Conduct worker training so that product quality can be maintained and increase productivity		Make products with more economical packaging

**C. Internal Factor Evaluation (IFE) Analysis**

The process of IFE analysis that has been carried out is based on the SWOT analysis of SW. The SWOT analysis results of Farida Snack and Aphe MSMEs are in Table 3 below.

**Table 3. Internal Factor Evaluation (IFE) Analysis Results**

		<b>Bobot</b>	<b>Rating</b>	<b>Score</b>
		<b>Strength</b>		
1	Has several flavor variants	0,13	4	0,52

2	There are various packaging sizes	0,07	3	0,21
3	Quality raw materials	0,10	4	0,40
4	Has BPOM and MUI permission	0,13	4	0,52
5	Brands that already have licensing	0,05	2	0,10
6	There is a product guarantee and guarantee	0,08	3	0,24
7	Cheap prices and not too expensive	0,07	3	0,21
8	There are cheaper package prices	0,06	3	0,18
<b>Weaknesses</b>		<b>Bobot</b>	<b>Rating</b>	<b>Score</b>
1	Don't have social media yet	0,04	2	0,08
2	Raw materials taken from outside	0,04	2	0,08
3	The production process is still manual	0,05	2	0,10
4	Unstructured production layout	0,04	2	0,08
5	There has been no cooperation with related agencies	0,06	3	0,12
6	Haven't touched the small stall yet	0,03	1	0,03
7	The sales process is only carried out offline	0,02	1	0,02
8	Determination of prices based on market	0,03	1	0,03
Total		1	-	2,92

#### D. External Factor Evaluation (EFE) Analysis

The EFE analysis process that has been carried out is based on the SWOT analysis of OT. The SWOT analysis results of Farida Snack and Aphe MSMEs are in Table 4 below.

**Table 4. Results of External Factor Evaluation (EFE) Analysis**

<b>Opportunities</b>		<b>Bobot</b>	<b>Rating</b>	<b>Score</b>
1	Development of Internet use	0,11	4	0,44
2	There are many influencer services as advertising assistance	0,08	3	0,24
3	Crackers as a complementary food	0,07	3	0,21
4	Strategic production location	0,07	3	0,21
5	MSMEs under the auspices of the Cooperatives and SMEs Service	0,05	2	0,10
6	People are selective in choosing products	0,05	2	0,10
7	An increasingly consumerist society	0,13	4	0,52
8	There is empowerment of MSMEs from the government	0,10	4	0,40
<b>Threats</b>		<b>Bobot</b>	<b>Rating</b>	<b>Score</b>
1	There are competitors with the same quality	0,04	2	0,08
2	The number of substitute products	0,02	1	0,02
3	Rare raw materials	0,03	1	0,03
4	Expired Products	0,02	1	0,02
5	There is branding with the same name	0,04	2	0,08

6	Competitors who comb all segments down to small stalls	0,06	3	0,09
7	Consumers are bored with the same products	0,06	3	0,09
8	Difficult economic conditions	0,07	3	0,21
Total		1	-	2,84

### **E. Internal – External Matrix (IE)**

Based on Tables 4. and 5. above, it is known that the results of each score for the IFE analysis is 2.92 and the EFE analysis is 2.84. This shows that the MSMEs Farida Snack and Aphe are in a growing condition and have the opportunity to develop. This needs to be a note for the owner to maintain its current position and condition

## **4. Discussions**

The empirical findings of this research delve into the strategic analysis conducted using SWOT Analysis and Matrix to devise alternative strategies aimed at maximizing the market potential for Farida Snack and Aphe Micro, Small, and Medium Enterprises (MSMEs). The findings are structured into several key sections: SWOT Analysis, SWOT Matrix Analysis, Internal Factor Evaluation (IFE) Analysis, External Factor Evaluation (EFE) Analysis, and the Internal-External (IE) Matrix.

The SWOT analysis provided a comprehensive understanding of the internal strengths and weaknesses as well as the external opportunities and threats faced by Farida Snack and Aphe MSMEs. It revealed crucial insights such as the presence of various flavor variants and packaging sizes as strengths, alongside weaknesses like the absence of a social media presence and reliance on manual production processes.

Building upon the SWOT analysis, the SWOT Matrix Analysis facilitated the identification of strategic alternatives by linking internal strengths and weaknesses with external opportunities and threats. Strategies such as collaborating with related agencies to create unique souvenirs and maximizing digital marketing through social media platforms emerged from this analysis.

The IFE analysis quantified the internal factors' strengths and weaknesses based on the SWOT analysis. The findings underscored the significance of strengths like multiple flavor variants and various packaging sizes, while also highlighting areas for improvement such as the absence of a social media presence and reliance on manual production processes.

Similarly, the EFE analysis quantified the external factors' opportunities and threats identified in the SWOT analysis. It emphasized opportunities like the development of internet usage and empowerment of MSMEs by the government, while also acknowledging threats such as intense competition and consumer boredom with similar products.

Finally, the IE Matrix integrated the scores from the IFE and EFE analyses to determine the overall position of Farida Snack and Aphe MSMEs. With scores indicating a growing condition and ample development opportunities, it is imperative for the owners to maintain their current position while leveraging strategic insights to drive further growth.

In conclusion, the empirical findings provide a robust foundation for devising strategic initiatives aimed at enhancing the market potential of Farida Snack and Aphe MSMEs. By addressing internal weaknesses and capitalizing on external opportunities, these enterprises can position themselves for sustained success in a competitive market landscape.

## 5. Conclusions

During the present Covid-19 pandemic, it is imperative to implement proper MSME empowerment measures in order to enhance and develop Farida Snack and Aphe MSMEs. Naturally, maintaining their business is a struggle for MSME businesses in this situation. Using the SWOT Analysis method created with the SWOT Matrix, MSME strategy empowerment was conducted through this study project. This research has produced a SWOT analysis and actionable recommendations. Thus, using the S-O (Strength-Opportunities), W-O (Weaknesses-Opportunities), S-T (Strength-Threat), and W-T (Weaknesses-Threat) data, a SWOT matrix was created. Therefore, the purpose of the SWOT Matrix is to match the company's internal strengths and weaknesses with opportunities and threats, which are external elements, in order to generate alternative plans. This study makes use of a matrix known as the SWOT Matrix, which consists of nine cells with four alternate strategy cells. Thus, the IFE and EFE analysis results were taken into consideration when this research was developed. The outcomes of the IE analysis will then be used to determine the status and situation of MSMEs.

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