SMEs Development Strategy for Competitive and Sustainable Typical Local Snacks of Banten Province
Sawarni Hasibuan
Industrial Engineering Department, Mercu Buana University, Jakarta 10340, Indonesia
E-mail: sawarni02@yahoo.com

Abstract—Small Medium Enterprises (SMEs) for snacks in Indonesia currently has a good growth rate on one hand; but on the other hand, its level of competition is also quite high. Growth in sales volume of the Indonesian snack industry, both in modern and traditional markets in 2012, was recorded at 10-15 percent far beyond the growth of other manufacturing industries. However, the level of competition in the snack industry is also relatively high. Business people in the snacks sector do not only compete with fellow local business people but also with imported products, both legal and illegal. Currently, Banten Province is indeed not known as a culinary destination with a variety of distinctively local foods. The growth of the food industry in Banten Province is not as rapid as other manufacturing industries. However, in Banten, some types of food produced in small and medium scales (SMEs) are also known. Therefore, efforts to develop and empower typical local snack SMEs in Banten Province needs to be conducted to be able to increase its competitiveness in facing the globalization era and the ASEAN free market in 2015. The purpose of this research is to map the performance profile of Banten typical local snack SMEs and to provide recommendation on SME development strategies for competitive and sustainable Banten typical local snacks. The research method used combines the descriptive research method, IPA (Importance Performance Analysis), and SWOT analysis. The performance level measurement for Banten typical local snack SMEs is based on stakeholder perceptions on the condition of the existing 16 attributes compared to the perception on the development expectation of each of these attributes. Results of SWOT matrix mapping puts the products of Banten typical local snack SMEs in quadrant II. The strategy prioritized is the quality attribute maintenance strategy for superior products, as well as product diversification to expand market share, competitiveness, and sustainability of Banten typical local snack SME products.

Keywords—Banten typical local snacks; IPA method; SWOT method; competitive; sustainable.

I. INTRODUCTION
SMEs for snacks belong to the industry group which is quite progressive in their development in Indonesia. To increase the competitiveness of national SMEs for snacks, the government has set a vision for the development of SMEs for snacks, namely “the realization of a firm snack industry with hygienic, healthy and nationally popular products and able to open up employment opportunities as well as giving a real contribution in increasing the people’s income, particularly those who live in rural areas” [1].

Currently, the competitiveness of Indonesian SMEs for local snacks is still low, which is indicated by low productivity and product quality [2]. Actually, many food manufacturers are able to create very creative, interesting, and good snacks, but often the quality of the resulting food products do not meet the requirements. Business people who run SMEs for snacks often ignore various provisions, for instance those related to food safety, composition and nutritional content of products, expiration date, Indonesian National Standard (SNI) sign, and halal mark. SMEs for snacks are also often faced with problems of human resources quality, capital, technology, marketing, pricing, etc. [3]-[7].

SMEs for snacks in Indonesia currently have a good growth rate on one hand; but on the other hand, their level of competition is also quite high. Results of Nielsen Retail’s survey (2012) stated that the growth in volume of snacks is around 27% with a value growth around 34%, both in modern and traditional markets. The Association of Indonesian Food and Beverages Entrepreneurs recorded sales of snacks in 2012 increased by 10-15 percent to Rp. 17.6 trillion – Rp. 18.4 trillion compared to the year 2010, i.e. amounting to Rp. 16 trillion. The increase in sales was driven by an increase in the domestic market along with population growth. Indonesia is the fourth-most populous country in the world with 247.1 million people [8].

In terms of players, the number of companies engaged in the snack industry is also very high, both of which have or do not have a legal entity, with a variant of products sold by
each company also varying. This condition indicates that the level of competition in the snack industry is quite high. Business people in the snacks sector do not only compete with fellow local business people but also with imported products, both legal and illegal, which originate from China, Malaysia, Thailand, or Japan [9] – [11].

Compared to other regions in Java, Banten Province is indeed not known as a culinary destination with a variety of foods that are distinctively local. The growth of the food industry in Banten Province is not as rapid as other manufacturing industries. Nevertheless, in Banten is also known some types of food developing in small and medium scales. Therefore, efforts to develop and empower SMEs for typical local snacks in Banten Province is necessary to be carried out in order to be able to increase its competitiveness in facing the globalization era and the ASEAN free market in 2015.

This research is expected to provide recommendation on strategies in increasing the competitiveness of sustainable SMEs for typical local snacks of Banten so that they can compete not only in the domestic market but also ready to compete with imported snack products in the globalization era and upcoming free market.

The purpose of this research is to make a mapping of performance on featured products of SMEs for typical local snacks of Banten and to recommend strategies in developing competitive and sustainable SMEs for typical local snacks in the case of Banten Province.

II. RESEARCH METHODS

A. Data Collection

The data collected consist of primary data and secondary data. Primary data is obtained directly in the field (field research) through interviews and questionnaires distributed by purposive sampling to several SMEs for snacks in Banten Province. Secondary data is obtained through various sources such as literature review, internet browsing, data from relevant institutions, etc.

B. Data Processing

The competitiveness and sustainability of SMEs for typical local snacks of Banten Province is evaluated based on perceptions of experts on the importance and performance of a number of attributes using the IPA (Importance Performance Analysis) method. Attributes that are considered as the framer of the competitiveness and sustainability of SME snacks are the conditions of 1) raw and auxiliary materials, 2) production process, 3) water supply, 4) production equipment, 5) production control, 6) hygienic facilities and activities, 7) building and facilities, 8) production environment, 9) packaging, 10) distribution, 11) market, 12) quality standardization, 13) business growth, 14) business management, 15) capital, and 16) promotion [3], [7], [9], [12]-[14].

C. Performance Profile Analysis and Development Strategy of SMEs for snacks

The performance mapping of SMEs for typical local snacks of Banten is carried out by the cobweb as an aid; performance achievement is stated as a percentage using a scale of 0-100. Achievement figures are obtained by comparing the ideal score (importance) to the actual score (performance) on 16 attributes forming the competitiveness and sustainability of SMEs for typical local snacks of Banten. Results of the profile mapping of the SME for snacks are used to evaluate the performance of SMEs for typical local snacks of Banten. The performance of SMEs for snacks is grouped into three categories, namely High, Medium, and Low. Of each existing condition of performance of the SME for snacks, is further performed an analysis of internal and external factors that give influence on the development of competitiveness and sustainability of SMEs for typical local snacks of Banten.

Against each factor, internal and external, a weighting process is performed, then its score is further assessed using a scale of 1 (not good) to 4 (excellent). From the multiplication result of weight and score, the value on each factor will be generated. At the next stage, a mapping on the SWOT matrix is performed to determine whether the position of SMEs for snacks are in Quadrant I, II, III or IV [15]. The SWOT analysis (Strengths, Weaknesses, Opportunities, Threats) would be very useful as a basis for preparing strategy. From the analysis results, a combination of development strategies for competitive and sustainable SMEs for typical local snacks of Banten could be recommended.

III. RESULTS AND DISCUSSIONS

A. Featured Products of SMEs for Typical Local Snacks of Banten

Banten Province has an area of 9,160.70 km² consisting of 4 municipalities, 4 regencies, 154 sub-districts, 262 wards, and 1,273 villages. Most of the Banten area are agricultural areas. Nevertheless, several sectors are also growing, among others are the plantation, fisheries, mining, industry and tourism sectors [16].

The growth of the food industry in Banten Province is not as rapid as other manufacturing industries. The growth of the food industry of Banten Province in 2013 amounted to only 5.14 percent, far below the growth of the national food industry, i.e. amounting to 15.03 percent. Products of SMEs for snacks that are quite well-known as typical food of Banten among others are emping melinjo[1], sate bandeng[2], gipang[3], kue dempe[4], kue apem[4], laksa Tangerang[5], nasi sumsum[6], ketan bintul[6], rabeg[7], nasi samin[8] and nasi udak[9].

The determination of featured products of SMEs for typical snacks of Banten Province is based on five main criteria, namely (1) product turnover, (2) employment opportunities, (3) regional featured product, (4) contribution to Original Regional Revenue, and (5) regional specialty [6]-[7], [19]. These five attributes have different weights based on the consideration of their level of importance. Scores for products of SME for snacks of Banten based on the five criteria are presented in Fig. 1.

Based on Figure 1, it is seen that emping melinjo has the highest score, both on small (Small Industry) and medium (Medium Industry) scales, followed by sate bandeng and cookies. SMEs for emping snacks have become the characteristic of Banten Province. Banten Province is one
among the industrial centers of *emping melinjo* that is relatively large in Indonesia [17]-[19]. The centers are scattered in almost all regencies in Banten, the largest located in Pandeglang Regency. Melinjo plantation area in Banten Province is approximately 6,610 ha with a production of 14,011 tonnes of melinjo fruit. Of the total land area, nearly half (48 percent) are in Pandeglang Regency, the rest scattered in Lebak and Serang Regencies. In the region of Pandeglang, there are ±125 *emping melinjo* entrepreneurs who employ between 50 - 250 workers on average.

Emping melinjo can be divided into several types depending on the quality of emping. High-grade emping are emping that conform to the standard namely emping that are thin, dry, look somewhat translucent with a uniform in diameter, so that it can be fried immediately [20]. Emping of lower quality have the features: thicker, less uniform in diameter, and sometimes still have to be sun-dried before frying. Until now, the manufacturing of high-grade emping still cannot be done with the help of a flattener mechanical device. These emping still have to be manually pounded and flattened by experienced emping workers.

*Sate bandeng* is one of the popular culinary products of Banten. *Sate bandeng* is a whole milkfish pierced with a large skewer. What is special about it is, this whole milkfish is boneless because its flesh and bones are removed beforehand, then the flesh is mixed with spices and stuffed back into the milkfish’s body before it is grilled. The popularity of sate bandeng can be seen from the many stalls and restaurants serving sate bandeng as a dish or a treat to bring home.

Therefore, *emping melinjo* and *sate bandeng* are proper to be featured as snack products of Banten Province and need to be further developed so as to be able to increase their competitiveness as SMEs for typical local snacks of Banten.

### B. Performance of SMEs for Typical Local Snacks of Banten

The mapping of the performance level of small (SI) and medium (MI) industries of typical local snacks of Banten is based on the perception of stakeholders on the existing condition of 16 attributes compared to the expectations of the development of each of these attributes. Results of the performance mapping of SMEs for typical local snacks of Banten is presented in Fig. 2.

Based on Fig. 2, it can be seen that there are four attributes, namely (1) raw materials and auxiliary materials, (2) production process, (3) water supply, and (4) high performance production environment, meaning that there is no gap between expectation and existing condition. Most attributes have a moderate performance, such as (1) production equipment, (2) production control, (3) facilities and hygiene activities, (4) buildings and facilities, (5) quality standards, (6) business growth, (7) distribution, and (8) market.

While attributes with low performance are (1) capital, (2) business management, (3) packaging, and (4) promotion. Difficulties in terms of capital cause companies to still stick to conventional and manual technology; production capacity is also relatively limited. On the attribute of business management, a sizable gap is found; the company accounting system has not met the rules of the accounting system because it is still controlled directly by the company owner. The company bookkeeping conditions that are still
conventional becomes one of the obstacles to get investors for business development.

Based on the performance mapping of SMEs for typical local snacks of Banten, the following problems are seen: 1) weaknesses in the form of gaps on most of its attributes, 2) SME competitive advantage focuses on comparative advantage, and 3) type of assistance from the government/related agencies are relatively more oriented on the type of assistance containing economic content than knowledge content, so that the positive impact perceived by SMEs for snacks still tend to be for the short term.

C. SWOT Analysis on SMEs for Typical Local Snack of Banten

Internal and external conditions of small industries (SI) and medium industries (MI) of typical local snacks of Banten are presented in Table I, while their SWOT matrix is presented in Fig. 3. Both SI and MI of snacks of Banten are in quadrant II.

<table>
<thead>
<tr>
<th>INTERNAL ANALYSIS</th>
<th>Weight</th>
<th>Score</th>
<th>WeightxScore</th>
</tr>
</thead>
<tbody>
<tr>
<td>STRENGTHS (S):</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Production technology of snacks are relatively simple</td>
<td>0.20</td>
<td>3</td>
<td>0.60</td>
</tr>
<tr>
<td>2. Capital requirement is not too big</td>
<td>0.10</td>
<td>3</td>
<td>0.30</td>
</tr>
<tr>
<td>3. Raw materials and auxiliary materials are easily obtained</td>
<td>0.10</td>
<td>4</td>
<td>0.40</td>
</tr>
<tr>
<td>4. Labor intensive</td>
<td>0.10</td>
<td>4</td>
<td>0.40</td>
</tr>
<tr>
<td>5. Products have distinctive characteristics and are the region features</td>
<td>0.20</td>
<td>3</td>
<td>0.60</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.0</td>
<td>2.55</td>
<td></td>
</tr>
<tr>
<td>EXTERNAL ANALYSIS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WEAKNESSES (W):</td>
<td>0.50</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Packaging is less attractive and labeling is incomplete</td>
<td>0.15</td>
<td>1</td>
<td>0.15</td>
</tr>
<tr>
<td>2. Lack of training activities and business mentoring</td>
<td>0.10</td>
<td>2</td>
<td>0.20</td>
</tr>
<tr>
<td>3. Business management is conventional</td>
<td>0.10</td>
<td>2</td>
<td>0.20</td>
</tr>
<tr>
<td>4. Marketing system is still conventional</td>
<td>0.10</td>
<td>2</td>
<td>0.20</td>
</tr>
<tr>
<td>6. Products have an expiry time</td>
<td>0.05</td>
<td>2</td>
<td>0.10</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1.2</td>
<td>2.55</td>
<td></td>
</tr>
</tbody>
</table>

In the era of the AEC free market which will immediately be enacted, the development of SMEs for typical local snacks of Banten is faced with a fairly strong level of competition, both with other local SME snack products such as from West Java as well as foreign snack producers [21]-[27]. As close neighbors, West Java Province is known as one of the culinary tourism destinations with a variety of innovative local food products.

In anticipation of the intense competition in the future, both SI and MI of local snacks of Banten need to aggressively seize new customers by minimizing internal weaknesses that exist to grab various opportunities (WO Strategies). Policies on increasing competitiveness and sustainability of SMEs for snacks of Banten can be done primarily through (1) increasing product quality and improving packaging as well as (2) establishment of partnership network to maintain and expand market share.

Fig. 3 SWOT matrix of small industries (a) and medium industries (b) of typical local snacks of Banten

Priority strategies for increasing the competitiveness and sustainability of SMEs for local snacks are using maintenance strategy on quality attribute for featured products of SMEs for local snacks of Banten. In addition, product diversification also needs to be increased to expand market share of SI products of Banten and expand marketing reach of MI products of snacks of Banten, not only in the local market but also reaching the more aggressive export market [28]-[31]. The summary of development strategies of SMEs for typical local snacks of Banten can be seen in Table II.
IV. CONCLUSIONS

Featured products of SMEs for typical local snacks in Banten Province respectively are emping melinjo, sate bandeng, cookies, gipang, and kue apem. The performance of most attributes forming the competitiveness and sustainability of SMEs for typical local snacks of Banten are classified as low and moderate. In general, SMEs for local snacks of Banten still use conventional technology, not yet hygienic, have not applied standardization, bookkeeping system is not available, seldom participate in trainings, and packaging conditions are also still not attractive. Based on the results of SWOT analysis, the position of SMEs for typical local snacks of Banten are in quadrant II which indicates that some weaknesses are still found, but there are opportunities for development. The appropriate strategy for SI product development is by product diversification and new technology adoption which will have an impact on community empowerment and geographical segment expansion. MI snack products need to expand the market share of its products, not only limited to the local market but also to the export market. MI snack products of emping melinjo and sate bandeng have the potential to reach ASEAN and Central Asia market share.

Improvement in human resources and technology at SMEs for snacks of Banten is required in order not to be left behind by the current rapid development of technology. SMEs are considered able to absorb a large workforce and more flexible to changes. Increased creativity and innovation of SMEs for typical local snack products of Banten becomes the keyword for the birth of competitive entrepreneurship.

REFERENCES

and Management Systems Conference 17-20 December 2006, Bangkok, Thailand.

APPENDIX SNAK FOOD EXPLANATION

1. Emping melinjo: crisp chips made from the meat of the seed of old melinjo, Gnetum gnetom, pouned flat, dried and fried.
2. Sate bandeng: whole milkfish, Chanos chanos, stuffed with spices, then grilled with a bamboo skewer piercing it from head to tail.
3. Gipang: crispy and sweet rice cake made of steamed, dried and fried glutinous rice mixed with sugar syrup (therefore has a sticky texture), and cut into cubes.
4. Kue sengpong: rolled waffle, a crisp cylinder-shaped cookie made with coconut milk and cinnamon.
5. Kue apem: sweet, steamed rice cake made of rice flour, the shape resembling a cupcake.
7. Nasi sumsum: Steamed rice mixed with marrow and spices, wrapped in banana leaves, then grilled.
8. Ketan binaul: Glutinous rice mixed with coconut milk, steamed, pouned, then cut into sticky square cakes, sprinkled with roasted, grated coconut mixed with spices.
10. Nasi samin: Rice cooked with mutton or goat curry and samin oil (oil made of goat fat)
11. Nasi uduk: an Indonesian style steamed rice cooked in coconut milk dish with a variety of additional side dishes.