Research article

SWOT Analysis as a Basis for Tracking Business Opportunities in the City of Pematangsiantar

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Abstract.

This study aims to determine the strengths, opportunities, threats, and business barriers faced by Pematangsiantar City, as well as how the business policies carried out by the Pematangsiantar City government in developing MSMEs. Approach: qualitative with the phenomenological method used in this research. Research samples are all sub-district and village heads and key informants. The data source used is primary data and secondary data. The flow of research with an interactive cycle process. The research results obtained strength that characterizes the city including its strategic location making Pematangsiantar City a transit city, as a tourist attraction and culinary center as well as the number of leading MSMEs and MSME sectors. Weaknesses include market access, promotion, capital, and availability of raw materials. Opportunities include the development of national tourism, the Sei Mangkei industrial area, the construction of the Siantar-Medan toll road. Threats include limited knowledge regarding aspects of entrepreneurship, domestic competition pressures, and business equipment. The development of the potential of Pematangsiantar city can be carried out in the tourism and culinary tourism sector which can attract tourists who are going on vacation to the Lake Toba Tourism Destination Area. The role of the Government is needed to exploit this potential through several policies that can be taken by the Government.

Keywords: Strengths; Weaknesses; Opportunities; Threats; MSMEs

1. Introduction

In most countries in Asia, especially Indonesia, the existence of MSMEs has an influence on national development, with high UMKM productivity can improve the welfare of the community (1). The economy is one of the concerns that the government needs to improve so that there is an increase in the viability of the life of the community (2). The economic growth that occurs reflects the economic condition of an area where community activities will increase per capita income. The economic progress of a region is marked by economic growth that encourages business activities as well as an open competition, especially economic activity units run by the community in various sizes (3). The existence of a populist economy scale requires clear and systematic ideas which...
are expected to create entrepreneurs that can run their business activity units in various economic conditions (4).

MSMEs are an important part of the Indonesian economy (5). This situation can be seen when Indonesia experienced an economic crisis in 1997-1998, MSMEs as part of the community’s economy were able to survive amid these economic crisis conditions. This indicates that MSMEs can adapt in adapting to market changes. Changes in the global economy provide a new form of competence (6). This is a new opportunity for MSMEs which is linked to the role of the government in fostering MSMEs that can reduce poverty. The role of the government is supported by national development which plans various opportunities to choose various methods and combine them (7). Pematangsiantar City is the third-largest city in North Sumatra Province after Medan and Deli Serdang. Pematangsiantar City is a pluralist city inhabited by various ethnicities and sub-ethnicities. Location Geographically, Pematangsiantar City is a link to several surrounding districts/cities. Increasing the per capita income of the community is a program of the Pematangsiantar City Government, this is done by taking into account the aspects of the income distribution, employment opportunities, population growth rates, and changes in the regional economic structure. The program carried out is supported by the North Sumatra Province Spatial Planning (RTRW) program by making Pematangsiantar City the Regional Activity Center.

The level of community welfare and economic growth of an area can be seen from the regional Gross Regional Domestic Product (PDRB) data. Pthere in 2019 the PDRB of Pematangsiantar City at the current price amounting to Rp. 13,933,249,500,000, - or an increase of 5.74% when compared to in 2018 amounting to Rp. 13,176,710,400,000, - Pematangsiantar City is constrained by the unidentified economic potential to open up business opportunities. For this reason, the Government needs to recognize its strengths and weaknesses as well as threats, these can help in recognizing the potential that exists in the region. SWOT analysis is a strategic planning tool that has been used extensively in decision making and has a major role in assisting several industrial sectors (8). Increasing the economy of a good area can be done by multiplying the potential of the area. MSMEs play a key position in national and regional development (9). The population of MSMEs in Pematangsiantar City

In the picture above, it is known the number of MSMEs in Pematangsiantar city Pematangsiantar amounting to 14,802. This is an opportunity that must be used in improving the economy of Pematangsiantar City, which is supported by the use of technology, communication, and information. The government must be responsive in capturing and exploiting these opportunities and making plans by utilizing the owned
resources, as well as being able to attract investors to invest, to create a better economy, and be able to develop the potential of the region it has. Information is very much needed in the development of UMKM in a region because it can formulate the right strategy in developing UMKM (10). By carrying out a SWOT analysis, a plan will be obtained that can help the development of MSMEs as desired (11). The formulation of the problem in this study is how the strengths, opportunities, threats, and business barriers faced by Pematangsiantar City, as well as how the business policies carried out by the Pematangsiantar City government in developing MSMEs. The research objectives were to determine the strengths, opportunities, threats, and business barriers faced by Pematangsiantar City, as well as how the business policies carried out by the Pematangsiantar City government in developing MSMEs.

2. Theoretical Description

2.1. Business Opportunities

The opportunity someone has to achieve his goals by doing business is a business opportunity. Business opportunities are opportunities that should be taken or used to make a profit (12). The ability to identify opportunities can be seen from a person’s capability in realizing a business and achieving success. The ability to recognize opportunities can be attributed to skills in using opportunities and obtaining ideas and
implementing them in a successful new business. Skills in deciding which business ideas are feasible to implement and when to implement them.

![Diagram of Business Opportunity Utilization Process Micro, Small and Medium Enterprises (MSMEs)](source: Saniwiri and Iqbal (2018)).

**Figure 2:** Business Opportunity Utilization Process Micro, Small and Medium Enterprises (MSMEs). (Source: Saniwiri and Iqbal (2018)).

MSMEs are an important part of the Indonesian economy (5). The existence of MSMEs has implications for a positive trend of economic growth which is supported by job creation and household empowerment (13). In addition to increasing MSME employment, it plays a role in distributing development results and is used as a measuring tool for the success of an area in improving its economy (14). Business units managed by individuals or business entities in all sectors of the economy are called MSMEs (15). Many factors play a role in the development of MSMEs from the internal and external environment, economic conditions, government policies, the availability of financial support, and infrastructure support. The existence of MSMEs has implications for a positive trend of economic growth which is supported by job creation and household empowerment (13). According to Law Number 20 the Year 2008 Article 6, the criteria for micro, small and medium enterprises can be grouped as follows:
### Table 1: Criteria for MSMEs.

<table>
<thead>
<tr>
<th>No</th>
<th>Business Scale</th>
<th>Net Wealth</th>
<th>Annual Sales Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Micro</td>
<td>50,000,000</td>
<td>300,000,000</td>
</tr>
<tr>
<td>2</td>
<td>Small</td>
<td>50,000,000 – 500,000,000</td>
<td>300,000,000 – 2,500,000,000</td>
</tr>
<tr>
<td>3</td>
<td>Medium Enterprises</td>
<td>500,000,000 – 10,000,000</td>
<td>2,500,000,000 – 50,000,000,000</td>
</tr>
</tbody>
</table>

### 2.2. SWOT Analysis

A budget is a tool for identifying business opportunities owned by Pematangsiantar City, using a SWOT analysis to obtain a planning method that understands the strengths, weaknesses, opportunities, and threats of Pematangsiantar City in developing region-owned businesses. SWOT analysis can identify factors from within and outside the organization that is very important to the decision-making process(8). According to (4), SWOT analysis is used as a model in analyzing an organization to understand the conditions faced as a whole. The results of the analysis obtained will be grouped based on their participation in overcoming the problems at hand. The results of the analysis increase the benefits of the opportunities that are owned, by reducing shortcomings and avoiding threats. The SWOT matrix is used in developing a strategy that can see the opportunities and threats from outside the organization faced which are adjusted to their strengths and weaknesses. The SWOT matrix generates four sets of possible alternative strategies (16): SO strategy is designed to determine the strengths that are owned and to use them as opportunities in developing potential. ST strategy to use the strengths they have in overcoming threats that may be faced in developing potential. The WO strategy is applied to minimize the existing weaknesses with the opportunities that are owned. The WT strategy is based on known weaknesses to avoid the threats to be faced. The SWOT matrix is compiled to find strategic factors that describe in detail how the external opportunities and threats are faced as well as the strengths and weaknesses they have. The matrix can produce four sets of alternative strategies:

### Table 2: SWOT Matrix

<table>
<thead>
<tr>
<th>Strength</th>
<th>Weakness</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ST Harnessing the potential to</strong></td>
<td><strong>WT Minimizing weaknesses</strong></td>
</tr>
<tr>
<td><strong>Face threats</strong></td>
<td><strong>to face threats</strong></td>
</tr>
<tr>
<td><strong>SO Take advantage of the potential to seize opportunities</strong></td>
<td><strong>WO Overcoming weaknesses to seize opportunities</strong></td>
</tr>
<tr>
<td><strong>Overcoming</strong></td>
<td><strong>Opportunities</strong></td>
</tr>
</tbody>
</table>

Source: (16)
3. Methodology

Study with the phenomenological method that focuses on research on visible phenomena to examine the explanations in them with conducts one-time data collection on an object of research (17). This study will formulate information about business opportunities that exist in Pematangsiantar City facing the tourist destinations of Lake Toba. The research location is adjusted to the number of sub-districts in Pematangsiantar city, as well as villages in each sub-district. Interviews were conducted to answer research objectives, this was carried out with human resources in sub-districts and villages and several OPDs in Pematangsiantar City. So in this study, the samples of the study were all sub-district heads who were taken as respondents. As for key informants, are: Head of Pematangsiantar City Tourism Office, Head of the Department of Cooperatives, SMEs, and Trade Pematangsiantar City, Head of the Regional Financial Management Agency for Pematangsiantar City. With a total of 64 samples as a whole. The data source used is primary data and secondary data. Data collection techniques by observation, documentation, and interviews. The flow of activities carried out in this study can be carried out with an interactive cycle process. The interactive cycle process is an activity consisting of data collection, data reduction, data display, and data conclusion (18). The data analysis technique used in this study refers to the concept, namely an interactive model using three steps, namely: Data reduction is done by grouping the data. Overall data is collected following the aspects of the problem in the study. The verified conclusions are made findings. Data presentation (data display), then the reduced data is presented in the form of a description following the aspects of the research, which aims to make it easier for researchers to interpret data and draw conclusions. Withdrawing conclusions (verification), the results of data reduction will be revealed about the meaning of the data collected.

4. Result and Discussion

The process of regional economic development aimed at improving the welfare of the community is oriented towards a process that involves all components of the economic driving force. The contribution of MSMEs to the national economy certainly has implications for the development of business sectors that are considered strategic so that they can boost economic growth and employment (Kusdiana and Ardi, 2014). The population of Pematangsiantar based on BPS data for 2020 is 255,317 people. The
population of MSMEs in Pematangsiantar City is 14,802, with details of 14,418 micro-enterprises, 333 small businesses, and 51 medium enterprises. In the Department of Cooperatives and UMKM, Pematangsiantar city, there are UMKM that are fostered, as follows:

![MSMEs Diagram](image)

Source: Pematangsiantar City Cooperatives and UMKM Office (2020)

**Figure 3**: Results of the Processing of the Number of MSMEs Guided by Pematangsiantar City. (Source: Pematangsiantar City Cooperatives and UMKM Office (2020)).

**Table 3**: Businesses that dominate by district.

<table>
<thead>
<tr>
<th>No</th>
<th>Sub-District</th>
<th>Domineering Effort</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Siantar Martoba</td>
<td>Grocery store, Stationery and wash, Culinary Business</td>
</tr>
<tr>
<td>2</td>
<td>Siantar Timur</td>
<td>Main Ingredient Business, Culinary Business, Grocery store</td>
</tr>
<tr>
<td>3</td>
<td>Siantar Marimbun</td>
<td>Grocery store, Culinary Business, Fertilizer business</td>
</tr>
<tr>
<td>4</td>
<td>Siantar Sitalasari</td>
<td>Tofu Industry, Natural resource, Culinary Business</td>
</tr>
<tr>
<td>5</td>
<td>Siantar Marihat</td>
<td>Culinary Business, Weaving, Grocery store</td>
</tr>
<tr>
<td>6</td>
<td>Siantar Barat</td>
<td>Culinary Business, Grocery store, Cracker industry</td>
</tr>
<tr>
<td>7</td>
<td>Siantar Selatan</td>
<td>Cracker industry, Culinary Business, Main ingredient business</td>
</tr>
<tr>
<td>8</td>
<td>Siantar Utara</td>
<td>Grocery store, Weaving Workshop</td>
</tr>
</tbody>
</table>

Source: Processed Data (2021)
4.1. The Power of Pematangsiantar City

These strengths are characteristic of Pematangsiantar City so that businesses in the Pematangsiantar City area can develop, as for these strengths, among others:

1. The strategic location of Pematangsiantar City.

Pematangsiantar City is located in a strategic geographical area that connects road connections to other districts/cities and as a gateway to the tourist area of Lake Toba.

1. As a Tourism Object and Culinary Center

The potential for natural, cultural, and historical tourism as well as culinary tours owned by Pematangsiantar City which is supported by Pematangsiantar City are pluralist cities inhabited by various ethnicities and sub-ethnicities.

1. Number of UMKM Players

The number of UMKM players in Pematangsiantar City is 14,802 entrepreneurs. Of the total number of MSMEs in Pematangsiantar City, 97.40% are micro-entrepreneurs.

1. Has Leading MSME Sectors in Each District

Each sub-district in Pematangsiantar City has a leading sector of UMKM. PThe Pematangsiantar City government develops superior product potential.

4.2. Weaknesses of Pematangsiantar City

Factors that hinder the smooth running of business development which is the softness of Pematangsiantar City, including:

1. Market Access

The majority of products produced by UMKM in Pematangsiantar city are only offered in the local market and still have limited market access.

2. Promotion of UMKM Products

MSMEs in Pematangsiantar City promote their products through conventional means, face-to-face, and word of mouth.

3. Capital in Developing MSMEs
UMKM players use internal capital of the circulation of money that comes from personal money or the remaining untapped business results and their assets

4. Availability of Raw Materials

Dominated by culinary entrepreneurs in Pematangsiantar City, they are often constrained by the availability of raw materials.

4.3. Pematangsiantar City Opportunity

External factors that can expand the activities to be carried out, including:

1. National Tourism Development

Lake Toba tourist area is one of the government’s priority development agendas. The development of the Lake Toba tourism area is prioritized in national development.

2. Sei Mangkei Industrial Zone

The Sei Mangkei Industrial Estate is the center of the palm oil and rubber industry in Simalungun district, which is about 1 hour drive from Pematangsiantar City, which is one of the opportunities that Pematangsiantar City can take advantage of.

3. Opening of the Siantar - Medan Toll Road

The construction of a toll road from Medan to Pematangsiantar City facilitates access for tourists to visit the Lake Toba National Strategic Tourism Area (KPSN)

4.4. The threat of Pematangsiantar City

External factors that can hinder the opportunities that the Pematangsianar city has, include: Threats, namely external factors that can:

1. Limited Knowledge About Aspects of Entrepreneurship

MSME actors in Pematangsiantar City use conventional methods that may have been passed down from generation to generation, which of course is no longer relevant to the demands of the times and changes in dynamic market conditions.

2. Domestic Market Competition Pressure
In running their business, apart from the competition from outside, the UMKM business in Pematangsiantar also gets competitive pressure from the domestic market itself in the form of the large number of similar businesses scattered throughout the Pematangsiantar area.

3. Business Equipment

The existing equipment is certainly able to guarantee the quality and standard of the product or service produced. MSME actors in Pematangsiantar City still do not understand this matter and generally, the selection of equipment is more oriented towards low costs so as to maximize income. This of course has an impact on the quality of the products produced.

4.5. Potential Development of Pematangsiantar City

The tourism sector in Pematangsiantar City can be developed into a tourism destination this is supported by its natural, cultural, and historical potential. Apart from the tourism potential, the City of Pematangsiantar also has fertile soil where many kinds of plants can be grown which can be consumed or enjoyed. This creates a supply of foodstuffs. The superior product in several districts of Pematangsiantar City, namely the food and drink business of the Pematangsiantar region, is very suitable to be used as a culinary tourism spot. This is supported by the Government’s program in developing superior products in Pematangsiantar City. The development of the potential of Pematangsiantar city can be carried out in the tourism and culinary tourism sector which can attract tourists who are going on vacation to the Lake Toba Tourism Destination Area. This will increase the income of the people of Pematangsiantar City.

4.6. Discussion

The consistency of local and city governments to support and develop the potential of superior products is very crucial awaited by business actors, especially sectors that have not been fully paid attention to by the government. Based on the table above, it is known that the business sectors that can be seeded in each district are:

1. Siantar Martoba Subdistrict, namely Grocery Store, ATK and Warnet as well as Food and Beverage Stalls. This is due to the location of Siantar Martoba Subdistrict, which is not close to the market, as well as the high level of activity of the population so that residents do not have time to shop or cook at home.
2. Siantar Timur Subdistrict The food and beverage business and culinary business are due to the fact that the majority of the population is active outside or opening shops so that they do not have time to shop at the market and cook at home.

3. Siantar Marimbun Subdistrict, namely Grocery Store, as well as Food and Beverage Stalls. This is due to the location of Siantar Marimbun District which is not close to the market and the high level of activity of the population.

4. Siantar Sitalasari District is the Tofu and Agricultural Products Industry because entrepreneurs in Siantar Sitalasari District have the knowledge and ability to process soybean raw materials into tofu, and in the Siantar Sitalasari District area, it has natural resources that dominate namely agricultural products.
5. Siantar Marihat, namely the Food and Beverage Business, due to the high level of activity of the population, the food and beverage business dominates because residents do not have time to shop or cook at home.

6. West Siantar Subdistrict, namely Food and Beverage Business, because entrepreneurs in West Siantar Subdistrict have the knowledge and ability to process various foods and beverages coupled with a fairly high culinary market share for food and beverages in the region.

7. Siantar Selatan District is a grocery store business, this is due to the location of South Siantar District which is not close to the market, and also the high level of population activity, so that Grocery Shops and Food and Beverage Businesses dominate, because residents do not have time to shop or cook at home.

8. North Siantar, namely grocery stalls and ulos weaving businesses, which indeed must be acknowledged by many residents in North Siantar District, are average housewives who take advantage of their time by weaving ulos, also because some accommodate their business products who can afford competitive prices for each type.

The strengths that characterize the city of Pematangsiantar include its strategic location to make Pematangsiantar City a transit city. The role of the government is very much needed in building facilities in developing tourist attraction facilities and in structuring a culinary center that can accommodate superior products found in Pematangsiantar City. In overcoming weaknesses with expanding market access for MSME players in Pematangsiantar city by helping to do online marketing. On the other hand, the government with exhibition or bazaar activities. A series of events, both exhibition and bazaar, is one of the activities carried out to introduce and attract consumers to buy MSME products typical of Pematangsiantar city itself.

The opportunity that Pematangsiantar City has by making it The Lake Toba tourism area as a development priority, the Sei Mangkei industrial area and the construction of the Medan - Pematangsiantar toll road where the Pematangsiantar city government must be responsive to business opportunities as a result of this policy. Business policies that can be implemented by the Government from the point of view of domestic small and medium enterprises that are often of concern, such as starting a business, dealing with construction permits, and registering property (registering a property). The threat owned by Pematangsiantar City, limited knowledge of business actors regarding aspects of entrepreneurship, MSME players must understand the point of view of consumers so
that the products and services produced can provide solutions to the problems they face and have an impact on purchases.

Therefore, the Government should facilitate business actors with banks related to capital loans to be converted into business equipment that can guarantee the creation of quality product output. With this assistance, UMKM players can finally have the support of equipment in producing their products. Pematangsiantar City has tourism potential which is quite potential. This potential is in line with the existence of Pematangsiantar City as a transit city. Development of the potential that is owned in Pematangsiantar City such as culinary tours in accordance with observations and results of culinary business interviews to become the most dominant UMKM in Pematangsiantar City, cultural tourism where Pematangsiantar City has an interesting historical record where originally Pematangsiantar City was a royal territory and around 1907 was occupied by the Netherlands. The role of the Government is needed to take advantage of the tourism potential through several policies that can be taken by the Government in developing this by conducting training for business actors to innovate the products they produce.

5. Conclusion

Pematangsiantar City has several leading MSMEs in each of its districts, the thing that is superior in each district is the culinary business. Based on the results of interviews that have been conducted, it is obtained the strengths of Pematangsiantar including strategic city locations, as a tourist attraction and food and beverage centers, the number of MSME players, and having leading sectors in several sub-districts. Weaknesses owned by Pematangsiantar City business establishment or product manufacture or project implementation, including market access, promotion of MSME products, capital in developing MSMEs, and availability of raw materials. The city of Pematangsiantar includes the Lake Toba tourist area, the Sei Mangkei industrial area, and the Siantar-Medan toll road. Threats include limited knowledge about aspects of entrepreneurship, domestic market pressures, and business equipment. Pematangsiantar City has superior products that have been mapped by Pematangsiantar City Government and quite potential tourism potential. This potential is in line with the existence of Pematangsiantar City as a transit city. The development of the potential that is owned in Pematangsiantar City such as culinary tours according to observations and results of interviews with food and beverage businesses is the most dominant UMKM in Pematangsiantar City, cultural tourism where Pematangsiantar City has an interesting historical record.
6. Authors' Contributions

Ady Inrawan as the first writer to carry out the research activity, Hery Pandapotan Silitonga and Ruth Tridiany Sianipar as the second and third authors who have compiled the article from beginning to end, Darwin Lie and Acai Sudirman as the corresponding writers who have done the editing of the manuscript and who did the processing. submit articles and make improvements to articles if there are revisions by the reviewer board.

References


