
Karo Traditional Business Development

Yayuk Yuliana¹, Diana Sopha²

¹²Muslim Nusantara Al Washliyah University, North Sumatra, Indonesia
Correspondent: yayukyuliana@umn.ac.id

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ABSTRACT

In the village, Batu Jong-Jong Village, Bahorok District the land is very fertile. Lush plants that can be used as a mixture of traditional medicines. Housewives with a hereditary recipe to produce herbs derived from plants that become traditional business ingredients Karo. The purpose of this research is to find out alternative strategies and priority strategies that can be used as an effort to develop karo traditional ingredients in Batu Jong-Jong Village. Research methods with a qualitative descriptive approach. Data collection through interviews, observations, discussions. Interviews were conducted with the owners of the traditional herbs Karo business in the stone frog hamlet and also a questionnaire with forestry counselors and village heads. The results of the study, based on the results of the calculation of the IFE (Internal Factor Evaluation) matrix, found that the total score was 3.15. While the results of calculations on the EFE (External Factor Evaluation) matrix table, obtained a total weighted score of 2.87. The conclusion is that the traditional herb business in Karo is of moderate value because the score weight is above 2.50. So that the right strategy is market penetration and product development strategies.

Keywords: Traditional, ingredients, Internal Factor Evaluation, External Factor Evaluation

INTRODUCTION

The increasingly rapid process of globalization and the development of the business world in Indonesia today requires companies to be able to adjust to the situations and conditions that occur. In order to be able to endure and thrive in these conditions, companies need to develop an appropriate strategy in the face of the intense business competition Dewi Diniaty, et all (2019) .

In line with developments in the field of technology and information, the development of the business world, especially the service industry, shows an extraordinary trend of progress. This also has formed a significant change in every business that is run, which involves the strategy, goals, behavior, preferences and demands of consumers Slamet (2019)

Jong-jong village is a buffer village of Gunung Leuser National Park, because it is located directly adjacent to the buffer zone of the forest conservation area. Many fertile herbs that can be used as a mixture of traditional medicines. Traditional medicines produced by housewives with a hereditary prescription are yellow (param) for pinakit mula (stomach ache), tastelessness, bursts of lemongrass / lemongrass for pinakit mula finished (stomach ache), frequent yellow / tambar latih (tired medicine), and okup (traditional saunas). The medicines are produced from materials available in Batu Jong-Jong and surrounding areas .

Strategy management is a number of decisions and actions that lead to the preparation of a strategy or a number of effective strategies to help achieve company goals. One method for formulating an effective strategy is the SWOT method because it can describe the company's internal and external conditions . Determine the priority of the strategy is based on the importance of internal and external factors. (Jauch and Gluek 1988).

Strategic planning is required for the karo traditional herb business, as an effort to avoid reducing production. With the analysis of the objective conditions of internal and external factors owned by the Karo traditional herb business, this research aims to find out alternative strategies and strategic priorities that can be used as an effort to develop traditional karo herbs in Batu Jong-Jong Village.

Porter (1994) suggests that the business environment is divided into two categories, namely the external and internal environment. The external environment is divided into two categories, namely the general environment and the industrial environment, while the internal environment is the aspects that exist in the company. The general environment includes political, economic, social and technological factors; industrial environment covers aspects contained in the concept of competitive strategy which includes aspects of entry barriers, aspects of bargaining power, suppliers, aspects of buyer bargaining, aspects of availability of substitute goods and aspects of competition in industry; The company's internal environment includes aspects of finance, HR, marketing, operations and aspects of the company. The business environment can affect all aspects of the business both at the company and individual levels.

Analysis of the external environment will produce opportunities and threats of the company. The company's environment consists of three sets of factors, namely the far environment, the industrial environment, and the operational environment. Distant environment consists of factors that originate from outside and are usually not related to a particular company's operating situation, namely economic, socio-cultural, technological, demographic, political-legal, and ecological factors.

The industrial environment consists of competition among industry members, barriers to entry, substitution products, bargaining power of buyers and bargaining power of suppliers. The operational environment includes factors that influence the company's competitive situation, namely competitive position, customer profile, suppliers, creditors, and the labor market. These three factors create opportunities and threats in marketing products profitably.

Analysis of the internal environment will produce strengths and weaknesses of the company. Internal analysis of the company illustrates the strength of the company, both the quantity and quality of the company, human resources, physical resources, operations, finance, management and organization. Marketing strengths and weaknesses can be seen from the company's reputation, market share, product quality, service quality, pricing effectiveness, distribution effectiveness, promotion effectiveness, sales strength, innovation effectiveness, and geographical coverage.

Strengths and weaknesses of human resources can be demonstrated from human resource management, employee skills and morals, ability and attention of top management, employee productivity, employee quality of life, employee flexibility, employee legal compliance, effectiveness of rewards in employee motivation, and employee experience. Finance consists of the availability of capital, cash flow, financial stability, good relations with owners and investors, ability to deal with banks, the amount of capital invested, the benefits obtained, the effectiveness and efficiency of the accounting system for planning budget costs and profits as well as company-level sources.

Operations include company facilities, economies of scale, production capacity, timely production capability, expertise in production, raw material costs and supplier availability, location, layout, facility optimization, inventory, research and development, patents, trademarks, legal protection, control operation and efficiency as well as equipment cost benefits. Strengths and

weaknesses of the organization and management can be obtained from the organizational structure, corporate image and prestige, company records in achieving goals, communication within the organization, effective use of decision making systems, strategic planning systems, synergies in organizations, good information systems and quality management the good one.

Development is an effort to increase knowledge that may be used immediately or often for the benefit of the future. Development is every effort to improve the implementation of work now and in the future, by providing information on influencing attitudes or increasing skills. From the above understanding it can be concluded that development is everything that is carried out to improve the implementation of current and future work providing information, direction, regulation, and guidelines in business development.

METHOD

This research was conducted at the Karo Traditional Herb Business in Jong-Jong Stone Village, Bahorok District. Data was collected in October-December 2019.

Data collection is done by interviews, observations, discussions, literature studies both with journals, books, and articles related to research. Identification of the strategic factors is done by analyzing secondary data in the form of interviews with traditional herb business owners Karo and also a questionnaire with a forestry counselor and village head who later the data is used to look for internal and external factors including strengths, weaknesses, opportunities and also threats.

The sampling method used is non-probability sampling that is by using a purposive sampling method. The respondents of this study were five people. Two Karo traditional herb business owners, Forestry Instructor, and Village Head, as well as Consumers.

Processing and data analysis

According to David (2009) the stages of strategic planning are carried out through three stages of analysis, namely: the input stage of the matching stage, and the decision stage .

1. Entry Phase

At this stage, identification of internal and external factors of the Karo traditional herb business is carried out. In this study, the input stage uses the EFE and IFE matrices. Weight determination is done by scale using the paired comparison method (Rangkuti, 2013). The scale is as follows: 1 = If the horizontal indicator is less important than the vertical indicator, 2 = If the horizontal indicator is as important as the vertical indicator, 3 = if the horizontal indicator is more important than the vertical indicator.

2. Matching Phase

At the matching stage, the SWOT and IE (Internal-External) matrices are performed. IE matrix is useful for displaying the company's position in a schematic diagram or also called a portfolio matrix. SWOT analysis is used to maximize strengths and opportunities, but can simultaneously minimize weaknesses and threats.

3. Decision Making Stage.

The final stage is to carry out the decision making stages that will compile a list of priority strategies that must be implemented

RESULT AND DISCUSSION

Table 1. Internal Environmental Factors External Environmental Factors Development of Karo Traditional Potions in Batu Jong-Jong Village

Internal Factors	Weight	Rating	Score
<i>Strength :</i>			
Raw materials are available in nature	.17	4	0.68
Producing karo traditional ingredients	.17	4	0.68
The selling price of the product is cheap	.13	3	0.39
Absence of preservatives	.17	4	0.68
<i>Weakness :</i>			
Products that are still simple	0.09	2	.18
Marketing	0.09	2	.18
Capital Capability	0.09	2	.18
Facilities and infrastructure	0.09	2	.18
Total			3.15

Source: primary data processed (2019)

From the results of the IFAS (Internal Factors Analysis Summary) matrix analysis, it can be explained that from the 11 factors identified in internal factors, these factors are classified into two factors, they are 4 strength factors and 4 weakness factors.

On the strength factor the highest weighting value is on the raw material factor available in nature, the absence of preservatives, the weighting value is 0.68. Whereas the weakness factor which has the highest value is the capital ability factor of traditional herbs with a weighting value of 0.18. The overall value of total weight times rating on internal factors is 3.15.

Table 2. External Factors of Karo Traditional Herb Development in Batu Jong-Jong Village

External Factors	Weight	Rating	Score
<i>Opportunities :</i>			
Technological development	0.29	3	.87
Trend Returns To Traditional	0.29	4	1.16
Ease of market entry	.21	3	0.63
<i>Threat:</i>			
Business competition by competitors from outside the city and emerging new businesses around the village are tight	0.14	1	0.14
Competition in getting raw materials is getting tighter	0.07	1	0.07
Total			2.87

Source: primary data processed (2019)

From the results of the EFAS matrix analysis (Table 2), it can be explained that there are 5 external factors identified, these factors are classified into 2 factors, namely 3 opportunity factors and 2 threat factors.

The biggest opportunity for karo concoction business in Langkat Regency is the technology development factor with a weighting value of 0.87, while the threat factor that becomes

the biggest threat is the business competition factor by competitors from outside the city and new businesses appear around the tight villages, amounted to 0.14. The overall total weight value times the rating is 2.87 for external factors.

Based on the total score of IFAS value of 3.15 and the total score of EFAS value of 2.87, the IE matrix of traditional herb karo ingredients is in coordinate V, which indicates that traditional Karo business in Batu Katak village, Batu ong-Jong village Bahorok Subdistrict, Langkat Regency has average or moderate value.

Figure.1.IFAS & EFAS Matrix

	High (3.0-4.0)	Middle (2.0-2.99)	Low (1.0-1.99)
High (3.0-4.0)	I	II	III
Middle (2.0-2.99)	IV	V	VI
Low (1.0-1.99)	VII	VIII	IX

Source: David R. Fred, Concept of Strategic Management, (Tripomo & Udan, 2005)

Figure 1. with a total IFAS score of 3.15 and a total score of 2.87, the IE matrix of traditional karo business ingredients in cells I and V, which shows that the traditional Karo traditional herb business is of medium value. So that the right strategy is market penetration and product development strategies.

IFAS AND EFAS Matrix Analysis

The selection of alternative strategies is done after the traditional herb business Karo knows in advance the business position.

Based on the IFAS and EFAS matrix analysis that has been done, a strategy that can be applied to the Karo traditional herb business as an effort to develop the karo traditional herb business is as follows:

SO Strategy

The application of technology to process raw materials into traditional Karo ingredients with an affordable selling price. Using natural ingredients without preservatives in accordance with the trend back to nature / traditional. The selling price of affordable products can enter the market easily. The resulting potion does not use preservatives in accordance with the trend back to nature

WO Strategy

Application of technology to make products more elegant. Marketing by utilizing the trend back to traditional. Capital entrepreneurs add facilities and infrastructure to improve processing technology

S-T Strategy

1. Maintain and improve product quality
2. Maintaining the company image

3. Improve relations with government and other institutions

WT Strategy

1. Increase promotional activities and expand marketing areas

2. Improve relations with government and other institutions

Based on the results of calculations on the IFE matrix table, it was found that the total score was 3.15

CONCLUSION

From the IFAS matrix the total score weighs 3.25, it can be concluded that the traditional herb karo business has a strong internal position because it is above the 2.50 value. This shows that the traditional karo business is able to utilize its strengths and is able to overcome existing weaknesses. The main strength of traditional karo business is the source of raw materials available in nature, with a score of 0.68 . Although in this case, the traditional herb business market is still in the traditional market. The use of production equipment that is still simple. Respondents considered that this factor was the main weakness for the development of karo traditional herb business because there were many other businesses that used modern machine production equipment, especially modern herbal medicine businesses, which had high demand. Modern production equipment such as machines used for production will shorten production time.

While the results of calculations on the EFE (External Factor Evaluation) matrix table , it was found that the total score was 2.87 . Technological developments open opportunities for business progress. Respondents gave an average response because the opportunity to advance the business by utilizing technology, had been done by almost all business people, even all business owners should be able to utilize the technology, but the managers were less skilled in utilizing and did not yet have sufficient capital. Business competition by competitors from out of town and entrepreneurs around the village is tight. Respondents rated it above average because the big influence that must be faced by the traditional herb business karo is the increasingly fierce competition outside the region and around the area. The competition to obtain increasingly stringent raw materials is considered to have a response above the average because in the current condition, there have been many businesses that process traditional karo ingredients. This poses a big threat to the karo traditional herb business.

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