

STRENGTH, WEAKNESSES, OPPORTUNITIES, AND THREATS (SWOT) ANALYSIS OF CV REJEKI MAPAN LESTARI

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Received: 8th November 2015/ **Revised:** 9th December 2015/ **Accepted:** 13th January 2016

How to Cite: Sriwidadi, T., & Gautama, J. (2016). Strength, Weaknesses, Opportunities and Threats (SWOT) Analysis of CV Rejeki Mapan Lestari. *Binus Business Review*, 7(1), 47-52.
<http://dx.doi.org/10.21512/bbr.v7i1.1449>

ABSTRACT

The objectives of this research were to identify the strengths, weaknesses, opportunities, and threats faced by CV Rejek Mapan Lestari, and to establish the appropriate strategies that should be applied to the company to evolve the company business. The research was conducted with a descriptive method, the researcher gathered the data with two medium, questionnaire and interview followed by the extraction method using various way such as IFE Matrix, EFE Matrix, SWOT/TOWS, IE Matrix, and QSPM Matrix which result in various alternative strategies that could be the viable option for the company. It can be concluded that CV Rejeki Mapan Lestari is highly advised in using a product development strategy by extending product variant and adding product that meet the markets need, for instance plastic flake.

Keywords: SWOT, strategy business

INTRODUCTION

As we all know, garbage, especially plastic waste has now become a very frightening specter for society and environment. According to Gulo (2013), plastic is a type of waste or waste decay that the process takes a long time which is about 5-1000 years. Besides, it is difficult to disentangle nature, plastic is also unfriendly to environmental product because to produce one ton of plastic bags require 1800 liters of crude oil, and each one plastic bag gives 544 grams of air pollution. According to the Vice Chairman of the Association of Indonesian Olefin, Aromatic and Plastic (Asosiasi Olefin Aromatik dan Plastik Indonesia, Inaplas), Sadiman estimated Indonesia to have an increasing by 22.58% in the first half of 2013 compared to the same period last year 1.55 million tons. This resulted in public concern over the amount of plastics presently in Indonesia.

Besides public's concerns over the abundant amount of plastic waste, there are those who see the existence of this plastic waste as a business opportunity.

With the increasing number of garbage piling up, some people take advantage of this opportunity by opening business recycling plastic waste. There are a large number of players in the industry so an intense and sharp competition can be ensured. The company should be able to establish the right strategy to win the competition, or at least to survive in the market.

CV Rejeki Mapan Lestari is a company engaged in the field of recycling plastic waste for the manufacture of recycled plastic pellets. This company manages three types of recycled plastic resin: PP (Polypropylene), ABS and HIPS. The first type, PP (Polypropylene) plastic is the best material, especially for food and beverage as a place to store food, drinking bottles and baby bottles as well as household appliances. The second one is ABS (Acrylonitrile Butadiene Styrene) which is a type of plastic that is used as a frame / chassis of electronic equipment, such as computer monitors, printers, and keyboards, and the third one is HIPS (High Impact Polystyrene) which is a type of plastic used to make electrical components and toys. When viewed from the age of the company,

CV Rejeki Mapan Lestari is one of the new players in this industry because of the new operating within this industry over the last 5 years i.e. since 2008. Certainly, to be able to go in and compete with the existing players in the industry, the company should be able to establish the right strategy to compete with other players. In setting the strategy for the company, it is important to first determine the factors that influence both the company's internal and external factors.

From external factors, it will be known what are the threats and opportunities for the company. While from internal factors, the strengths, as well as the weaknesses will be known. Then afterwards, it can be formulated what appropriate strategies should be implemented by the company. The problem is, that companies are still new in the recycling industry and do not have a structured organizational so that the decision-making or strategy of the company is not done systematically or structurally. Also, decision-making is only done by the top managers without specific determination of strategy to achieve the company's goals as well as facing other factors that may affect the survival of the company. The company is in a tough-level-competition industry, thus, the selection of the strategy is the most important thing to do for the company to defend itself.

To solve the problem, firstly, the insights of defining the strengths, weaknesses, opportunities, and threats of the company should be found. Then, establish what are the appropriate strategies should be applied for company's survival in the competitive market. Based on the background of the above problems, the problems identification are: (1) What are the strengths and weaknesses of CV Rejeki Mapan Lestari? (2) What are the opportunities and threats faced by the company? (3) What are the appropriate strategies should be applied to the company so that it can evolve the company's business?

The objectives of this research are to find out the strengths and weaknesses of CV Rejeki Mapan Lestari, the opportunities and threats faced and to establish the appropriate strategies should be applied to evolve the company's business.

Ommani (2011) evaluated the management system in the agricultural business, identified the factors that influence and evaluated the company's management strategy with reference to the changes that occur if it is appropriate and in line with the mission and vision of the company. Shojaee (2012) used SWOT analysis and QSPM models, the benefit of this research is to determine a suitable strategy is applied to the oil companies in Iran, identifying the internal and external factors affecting the company's condition.

METHODS

This research used descriptive method. Data collection was done by interviewing the managers of CV Rejeki Mapan Lestari with cross sectional

time horizon. The types of data in this research are quantitative and qualitative. Qualitative data used in this research are company vision and mission, corporate objective, company's strengths, weaknesses, opportunities, and threats. Some methods which are used as data collecting action are field research observation, and literature research. In this research, data sources consist of primary data and secondary data.

Method used to analyze data uses SWOT (Strength, Weakness, Opportunity, and Threat) analysis. SWOT analysis is the best way to really focus your marketing strategies in ways that will drive optimal business growth and profits. SWOT stands for: Strengths (what are the positive attributes of your company, product or service?), Weaknesses (what are the negative attributes of your company, product or service?), Opportunities (where are the market opportunities for your product or service?), Threats (what are the main threats to your company?). In details, SWOT analysis is described in Figure 1.

		External	
		Opportunities	Threats
Internal	Strengths	How do you leverage your strengths to benefit from opportunities?	How do you use your strengths to minimize the impact of threats?
	Weaknesses	How do you ensure your weaknesses will not stop you from opportunities?	How will you fix weaknesses that can make threats have a real impact?

Figure 1 SWOT Analysis

The research is done by evaluating, and selecting strategy in 7 techniques, and 3 steps. Firstly, input step is basic data for formulating strategy consists of: (1) Internal Factors Evaluation (IFE) Matrix. (2) External Factors Evaluation (EFE) Matrix. (3) Competitive Profile Matrix (CPM). Secondly, matching step is an effort to produce an alternative strategy that can be executed by combining the external factors and internal factors: (1) (SWOT = Strength Weakness Opportunities Threats) matrix. (2) Portfolio matriks (IE = Internal External), placing the various divisions of an organization in a 9-cell. Thirdly, Grand Strategy Matrix, based on 2-dimensional assessment that the competitive position and market growth. Finally, Decision step is an effort to produce an alternative strategy based on an objective analysis of the later stages in select specific strategies using matrix QSPM (Quantitative Strategic Planning Matrix).

RESULTS AND DISCUSSIONS

From Planning Strategy Matrix (QSPM), CV Rejeki Mapan Lestari has an alternative strategy,

namely product development strategy with a total value of 4,461 attractiveness, market penetration strategy with the total value of 3.253 and backward integration with the total value of 3.633. This suggests that the strategy of product development can be recommended to be applied first; market penetration strategy, backward integration strategy, and the best alternative strategy to be applied as appropriate for CV Rejeki Mapan Lestari is a product development strategy. The second alternative is the alternative market penetration strategy and the third is a backward integration strategy.

Table 1, Table 2, and Table 3 show the results of input step using the Internal Factors Evaluation (IFE) Matrix, External Factors Evaluation (EFE) Matrix, and Competitive Profile Matrix.

Table 1 Internal Factors Evaluation (IFE) Matrix

No	Internal Factors	Weight	Rank	Score
Strengths				
1	Having experienced human resources.	0.128	3	0.384
2	The well-organized layout of the production machine so that the production process can run smoothly.	0.034	4	0.136
3	The existence of the organization or the specific division of tasks	0.143	3	0.429
4	Having relationship with suppliers.	0.060	3	0.18
5	Competitive price	0.089	4	0.356
Weaknesses				
1	Suppliers of raw materials are an individual, so the amount of raw material is uncertainty every day.	0.051	4	0.204
2	CV. Rejeki Mapan only produces 3 types of recycled plastic raw materials among the 12 types of recycled plastic raw materials available.	0.050	3	0.15
3	Unavailability of training programs on labor.	0.098	4	0.392
4	The limited labor	0.124	4	0.496
5	Unability of support activities to market the product.	0.143	3	0.429
6	The lack of research and development to produce another type of recycled products.	0.081	3	0.243
Total		1.00		3.399

Table 2 External Factors Evaluation (EFE) Matrix

No	External Factors	Weight	Rank	Score
Opportunities				
1	There is an increasing use of recycled plastics in food and beverage industry.	0.105	4	0.42
2	The existence of a trend emerging goes green.	0.094	4	0.376

3	A large number of raw materials so that the price of raw materials can be obtained at a more affordable price.	0.138	3	0.414
4	The opening of the utilization of waste recycling.	0.167	2	0.334
5	There is an increasing use of plastics because people's lifestyles are increasingly want practical, especially in Indonesian society	0.076	4	0.304
Threats				
1	A large number of players in the same field of business	0.067	4	0.268
2	The price of fuel continues to increase.	0.057	4	0.228
3	The change in consumer tastes.	0.046	2	0.092
4	Bargaining power of consumers.	0.082	4	0.328
5	Unstable raw material prices (fluctuations)	0.167	3	0.501
Total		1.00		3.265

Table 3 Competitive Profile Matrix

Critical Success Factors	Weight	CV. Rejeki Mapan Lestari		CV. Cahaya Mutiara		CV. Happy Plastikindo	
		Rank	Score	Rank	Score	Rank	Score
1. Raw material quality	0,144	3	0,432	4	0,576	3	0,432
2. Consumers Loyalty	0,075	4	0,3	4	0,3	3	0,225
3. Human Resources quality	0,106	3	0,318	2	0,212	4	0,424
4. Product Machine qulaitay	0,240	4	0,96	3	0,72	3	0,72
5. Competitive price	0,057	3	0,171	3	0,171	3	0,171
6. Product quality	0,209	3	0,627	3	0,627	2	0,418
7. Firm location	0,167	4	0,668	4	0,668	4	0,668
Total	1.00		3.476		3.274		3.058

From this input step an IFE score of 3,399 for CV Rejeki Mapan Lestari is generated. This value indicates that the company has a strong internal position, and the company has been able to capitalize on strengths and reduce weaknesses. Also, an EFE score of 3,265 indicates that the company has a fairly strong external position, because the value obtained above average value, which is 2.50 and this value also indicates that the company has been able to take advantage of opportunities and mitigate threats.

Based on a CPM matrix, CV Rejeki Mapan Lestari has two main competitors in the recycling industry, namely CV Cahaya Mutiara and CV Happy Plastikindo. Values that have been weighted to CV Rejeki Mapan Lestari is 3,476, CV Cahaya Mutiara is 3.274, and CV Happy Plastikindo is 3.058. This suggests that the CV Rejeki Mapan Lestari when compared with its competitors is very strong. The company has been able to compete with the two similar companies. It is expected that the company can maintain and improve its performance.

Table 4 SWOT Matrix

SO Strategy	:	Backward Integration
WO Strategy	:	Product Development
ST Strategy	:	Backward Integration
WT Strategy	:	Product Development
WT Strategy	:	Market Penetration

Table 5 Matching Step Result Analysis

Alternative Strategy	Matching Steps
Product Development	SWOT Matrix, IE Matrix, and Grand Strategy Matrix
Market Penetration	SWOT Matrix, IE Matrix, and Grand Strategy Matrix
Backward Integration	SWOT Matrix, IE Matrix, and Grand Strategy Matrix

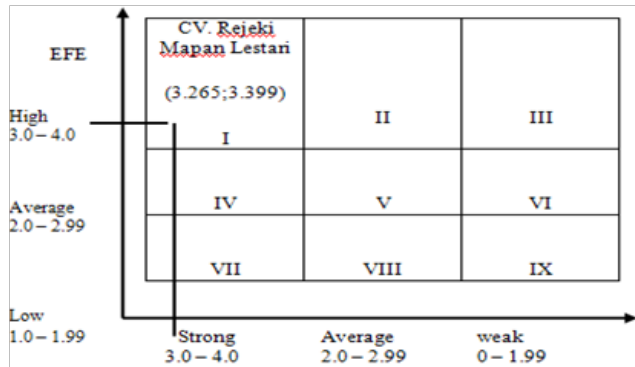


Figure 2 IFE Matrix

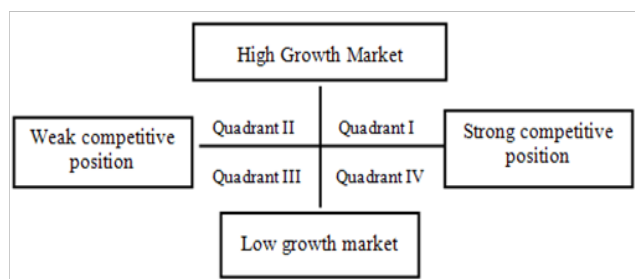


Figure 3 Grand Strategy Matrix

This step resulted in some alternative strategies from the SWOT matrix generating the strategy of backward integration, market penetration and product development. The IE matrixes referred to the results of the IFE and EFE matrix, where there is division in column 1 guard and defend. Grand Strategy method is based on the dimensions of competitive position and market growth.

From Figure 3, it can be seen that for quadrant 1 and 2, the company has a position of rapid growth, and if market growth is slow when it is positioned in quadrants 3 and 4. Based on the results of the grand strategy matrix can be concluded that the CV Rejeki Mapan Lestari has a fast growing market and is accompanied with a strong competitive position in which CV Rejeki Mapan Lestari occupy quadrant 1 so CV Rejeki Mapan Lestari got an alternative strategy that is market penetration strategy, product development strategy, and the strategy of backward integration.

The next step that is going to be discussed is the decision step. Based on the results of matching step resulting market penetration strategy, backward integration, and product development, these three strategies are included in the decision step.

Table 6 QSPM of CV Rejeki Mapan Lestari

ALTERNATIVE STRATEGY									
			Market Penetration		Backward Integration		Product Development		
Internal Factors			Weight	AS	TAS	AS	TAS	AS	TAS
No	Strengths								
1	Having experienced human resources.	0.128	3	0.384	3	0.384	3	0.384	
2	The well-organized layout of the production machine so that the production process can run smoothly.	0.034	-	-	-	-	-	-	
3	The existence of the organization or the specific division of tasks	0.143	-	-	-	-	-	-	
4	Having relationship with suppliers.	0.060	2	0.12	4	0.24	3	0.18	
5	Competitive price	0.089	4	0.356	3	0.267	3	0.267	
No	Weaknesses								
1	Suppliers of raw materials are an individual, so the amount of raw material is uncertainty every day.	0.051	1	0.051	4	0.204	1	0.051	
2	CV. Rejeki Mapan only produces 3 types of recycled plastic raw materials among the 12 types of recycled plastic raw materials available.	0.050	3	0.15	2	0.1	4	0.2	
3	Unavailability of training programs on labor.	0.098	-	-	-	-	-	-	
4	The limited labor	0.124	-	-	-	-	-	-	

5	Unability of support activities to market the product.	0.143	-	-	-	-	-	-
6	The lack of research and development to produce another type of recycled products.	0.081	1	0.081	3	0.243	4	0.324
Total		1.00						
External Factors		Bobot	AS	TAS	AS	TAS	AS	TAS
No	Opportunities							
1	There is an increasing use of recycled plastics in food and beverage industry.	0.105	3	0.315	3	0.315	3	0.315
2	The existence of a trend emerging go green.	0.094	3	0.282	3	0.282	3	0.282
3	A large number of raw materials so that the price of raw materials can be obtained at a more affordable price.	0.138	2	0.276	2	0.276	3	0.414
4	The opening of the utilization of waste recycling.	0.167	1	0.167	3	0.501	4	0.668
5	There is an increasing use of plastics because people's lifestyles are increasingly want practical, especially in Indonesian society	0.076	3	0.228	4	0.304	2	0.152
Threats								
1	A large number of players in the same field of business	0.067	4	0.268	3	0.201	3	0.201
2	The price of fuel continues to increase.	0.057	1	0.057	1	0.057	3	0.171
3	The change in consumer tastes.	0.046	4	0.184	2	0.092	4	0.184
4	Bargaining power of consumers.	0.082	-	-	-	-	-	-
5	Unstable raw material prices (fluctuations)	0.167	2	0.334	1	0.167	4	0.668
Total		1.00		3.253		3.633		4.461

Based on Table 6, it can be seen that the Product Development Strategy has a total fascination higher at 4.461 compared with market penetration strategies and backward integration. This value indicates that the Product Development Strategy is more attractive for companies to apply.

CONCLUSIONS

Based on the research and data processing, this research shows some of the following conclusions. Firstly, CV Rejeki Mapan Lestari has internal factors, namely (1) the strength is experienced human resources, well-organized production machinery layout, organizing and sharing specific tasks, cooperative relationship with suppliers, and price competitive products. (2) The weaknesses are individual supplier collaboration making the amount of raw material obtained is erratic / uncertain, the company only produces three types of recycled plastic raw material, the company does not have a training program for its workforce, the company does not have management information system that can help companies to communicate with customers and suppliers, and the company also has never been conducting research and development to produce recycled products other manifold.

Secondly, CV Rejeki Mapan Lestari has external factors, namely: (1) Opportunity: chance in the business of recycling industry, and go green trend. (2) Threat: many players in the same industry, the price of fuel continues to increase, consumer tastes changing, and high consumer bargaining power,

and raw material prices are not stable. (3) From the data processing on QSPM matrix calculation in the decision step, matching strategy to be implemented by the CV Rejeki Mapan Lestari is a product development strategy with the attraction value of 4,461 which is the highest value compared to the other two strategies, market penetration strategy, and backward integration strategy. Market penetration strategy has the attraction value of 3,253 and backward integration strategy has the attraction value of 3.633.

It is suggested that the company should implement a strategy of product development, by adding product variants such as plastic flake or better known as roller plastic or chopped plastic. Companies can implement the second alternative strategy, that is market penetration strategy and backward integration strategy in order to respond to new opportunities and threats that will emerge in the future. Market penetration strategy can be done through advertising in print media and electronic media so that the marketing is done by the company can also be increased, but it can also do corporate events on recycling, and establish loving environment or go green communities. Backward integration strategy can be done by collecting its own plastic - plastic that can be used as raw material recycled plastic pellets, so the amount of raw materials obtained more suitable and guaranteed quality.

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