



Research Article

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Determining Strategy to Improve Human Resources Performance by Identifying Tourism Condition SMEs

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Abstract

This study aims to identify the internal and external conditions of the small and medium enterprises tourism sector in cities in East Java. Also, this study aims to determine the most appropriate strategy to improve the performance of small and medium enterprises human resources in the tourism sector. Respondents used as research samples of 100 respondents divided from 20 small and medium enterprises taken in each city. Furthermore, in each small and medium enterprises, five employees were selected as respondents. The data were analyzed using the strengths, weaknesses, opportunities, and threats method. The results of the study showed that the tourism small and medium enterprises in the City of Blitar, Malang, Batu, and Kediri were in healthy condition and had great opportunities to grow and develop. Besides, the tourism sector small and medium enterprises in Pasuruan City is in a healthy condition but faces enormous threats. Eventually, the originality of this research focuses on the tourism sector in East Java, Indonesia, which has not been much study before.

Keywords: Small and Medium Enterprises, Tourism, SWOT

1. Introduction

The tourism industry is every business that provides services for tourism traffic with aims to seek profits in the fields of accommodations, cultures, restaurants, recreation and entertainment, cultural attractions, travel agencies, business guides, souvenirs, tourism publishing, tour organizing, and money changers. The tourism industry is an industry that involves humans as its main commodity. So that tourism management can create community welfare and can trigger the Indonesian economy.

The coronavirus (Covid-19) outbreak has a significant negative impact on various sectors, including the tourism sector. Visits to tourism destinations experienced a very drastic decline, even in many places, tourism locations were temporarily closed. This condition is likely to continue for some time to come, and it is uncertain how long it will take.

The Minister of Tourism of the Republic of Indonesia further explained that due to this pandemic, the potential loss of national foreign exchange income has decreased by 50%. Foreign exchange income

in the tourism sector as much as Rp. 280 Trillion to Rp 140 Trillion this year (<http://dpphi.org/>). The fear of traveling both domestic and foreign travel was also felt by the Indonesian people themselves. It can also be seen from the domino effect that occurs in supporting sectors of tourism, such as hotels, restaurants, and retail entrepreneurs.

On the other hand, Indonesia's tourism industry is one industry sector that has high potential. That cannot be separated from the position of Indonesia as a tropical country. Given the strategic role of this sector in improving economic conditions in Indonesia, identifying the strengths and weaknesses of this sector is urgent.

One of the leading tourist destinations in Indonesia is East Java. The East Java region provides diverse types of tours, including beach tourism, mountain tourism, as well as recreational and entertainment parks. The East Java Government is actively continuing to build tourism competitiveness in order to increase regional income. However, at this time, the tourism industry in East Java is being affected by the pandemic Covid-19. One example is Situbondo Regency, East Java. The local tourism office stated that more than 2,097 workers in the tourism industry in Situbondo, East Java were laid off. The workers are from several tourism sub-sectors such as restaurants, hotels, homestays, and others. The same thing was experienced in Batu City, East Java.

This phenomenon requires all business actors to be more creative and be able to use every opportunity to be even more advanced, especially during the pandemic Covid-19. Concerning this matter, it is needed to overcome this situation; there must be breakthroughs in the business world by increasing the quality and quantity of products produced to be perfect and attractive. In running a business must be equipped with proper strategic planning so that business objectives can be achieved. Strategic planning is a long-term plan that is overall, provides a formulation of the direction of the organization forward and procedures for allocating resources to achieve goals over a certain period under various possible environmental conditions. The purpose of strategic planning is so that companies can see objectively internal and external conditions (Putriani, 2017).

The implementation of strategic planning is essential for business actors because by applying the right strategic planning, business actors can create and improve competitiveness. Competitiveness is a relative, and multidimensional construction, which is a combination of resources and unique capabilities possessed by a company can then compete with other companies and expand its ability to maintain and improve its market position (Ateke et al. 2017). Competitor advantage is creating better customer value at the same or lower cost than competitors or creates value equivalent to lower costs than competitors (Rahayu, 2016). Not inseparable also in SMEs, this organization must increase its competitiveness. One indicator of SMEs' competitiveness is the ability of reliable human resources (HR).

Analysis of the perspective of tourist destinations, indicators of the success of national development programs in sustainable tourism can be pursued by using empowerment as a development paradigm (Suci, 2015). The Government of East Java opens opportunities for the public to participate in maximizing tourist destinations through empowering the tourism sector SMEs. It cannot be separated from the fact that one of the most significant contributors to brutal national income is from this field. Thus, the empowerment of tourism SMEs in East Java will automatically have an impact on the economy in East Java in particular and national in general.

It is a fact that the development of tourism potential in East Java cannot be separated from the role of SMEs. It relates to the position of East Java as the region with the most SMEs in Indonesia. Also, the presence of SMEs in the industry has proven to have a positive impact on the economy. SMEs can contribute up to 60% of gross domestic income. Besides, the level of employment by SMEs is also quite a lot. According to BPS, SMEs absorbs up to 79.82% of the workforce in East Java.

SMEs' empowerment in the tourism sector is expected to be able to boost the regional economy and have a positive impact on the national economy. One way that can be taken to empower SMEs is to improve the performance of human resources (employees). In this study, researchers view that HR performance can be influenced by HR's ability to understand the conditions of company performance. By understanding the company's performance conditions, the company can determine the right

policies to improve the performance of its employees. One way to look at the internal and external conditions of an organization is by a SWOT analysis.

SWOT analysis can be used as a useful instrument in selecting strategies. It lies in the ability of corporate decision-makers to maximize the role of strengths and opportunities and, at the same time, play a role as a tool to minimize the weaknesses inherent in the company and reduce the impact of threats arising from the outside. If the decision-makers or determinants of the company's strategy can do both of these things appropriately, then efforts to choose and determine effective strategies produce the expected results (Koentarto 2011).

Research related to SMEs using SWOT analysis has been conducted several times. Research Hermawati et al. (2019) states that the results of internal and external evaluation of SM in Malang Raya as a whole or by the city show that SMEs is in a good position, especially in Quadrant I. Thus, SO strategies, namely strengths and opportunities, can be applied. The results of the SWOT analysis mapping of the factors that influence the growth and development of SMEs in Malang Raya are showing a strategic position. An alternative strategy that can be applied going forward is a market development strategy, so it needs to provide support to SMEs on a broader scale. Need to be formed by the establishment of a business development aid facility primarily on SMEs, so that the SMEs empowerment strategy develops. Thus, it is in line with research by Hermawati et al. (2020).

Research from Delmayuni, et al. (2017) prove that the results of SWOT analysis in the form of nine alternative strategies: using more modern equipment during the production process, expanding the product distribution network, utilizing government training programs, choosing strategic locations, innovating products, utilizing training held by the government, increasing human resource knowledge, and building good coordination and cooperation on all parties. Likewise with research Anggraeni, et al. (2017) who presented their findings in the form of a suitable strategy for tempe chips SMEs using SWOT analysis is to maintain product quality, maintain good and harmonious working relationships between owners and employees and distributors, utilize online marketing to market products to increase product purchases, improve product quality in order to compete, improve product innovation to have unique characteristics, utilize KUR to increase capital so that employee salaries increase, take advantage of technological advances, maintain employee performance, and use suitable raw materials.

Fauziah et al. (2015) found empirical evidence that alternative market penetration strategies and product development that could be recommended consisted of: increasing market penetration by utilizing government support, making seasonally appropriate packaging designs to anticipate consumer saturation, collaborating with fellow producers in the form of groups, governance training finance, and marketing management, maintaining the quality of products favored by the market, implementing pricing strategies to increase producer strength, expanding product marketing through online media, and procuring sales center facilities that are easily accessible to producers and consumers. In the other hand, research conducted by Arli et al. (2012) explains that the formulation of the resulting strategy is strength and opportunity (SO) by conducting socialization on the importance of animal protein consumption; the strategy of weakness and opportunity (WO) strengthens the company's image as a chicken meat-based foodstuff in quality Indonesia; the strategy of strength and threat (ST) enhance sustainable product research and development, conduct strategic partnerships with live chicken raw material suppliers, and the strategy of threat and weakness (WT) increase effectiveness and efficiency in supply chain management and improve performance monitoring based on KPI and apply a reward and punishment system to factory employees and partners.

The findings of studies related to the SWOT analysis in SMEs that are still varied make this topic still enjoyable to be reviewed. Therefore, in this study, the assessment of company performance conditions is done through a SWOT analysis, which identifies and evaluates internal and external factors of SMEs. The kinds of strategy in SWOT analysis are Strength and Opportunity (SO), Opportunity and Weakness (WO), Strength and Threat (ST), and Threat and Weakness (WT). The strategies provided in this study provide additional value that can help SMEs in competing and being sustainable in the pandemic covid 19. Thus, the research question is how is the position of SMEs in

East-Javabased on internal and external factors using the SWOT method.

2. Literature Review

2.1 Small and Medium Enterprises (SMEs)

SMEs play an essential role in economic development in many countries throughout the world. Governments around the world recognize that SMEs can be used as business networks that facilitate innovation and economic development (Ueasankomasate, 2015). SMEs is a business activity that can expand employment opportunities, provide broad economic services to the community, play a role in the process of equity and increase community income, encourage economic growth, and play a role in bringing about national stability (Haerudi et al. 2017).

2.2 SMEs Employee Performance

Based on the theory of Human Resources (HR), performance is the result of achievements made by someone in carrying out work or task. Performance is the result or overall level of success of a person during a specific period in carrying out the task compared with various possibilities. Meanwhile, the possibility refers to work standards, targets, or criteria that have been determined and mutually agreed upon by all parties.

On the other hand, Gibson (1996) states that performance is the desired result of behavior. Individual performance is the basis of organizational performance. Meanwhile, Mangkunegara (2001) defines performance as a result of work in quality and quantity that can be achieved by an employee in carrying out tasks under the responsibilities given to them. Based on these definitions, the performance of SMEs employees is the work achieved by employees in specific agreed-upon standards/targets. Therefore, the performance of SMEs employees can be a reference for the success of SMEs employees in carrying out their duties.

According to Dessler (1992), five indicators that can be used in evaluating employee performance, namely: a) quality of work, these indicators include acquisition, accuracy, appearance, and acceptance of outputs; b) quantity of work, this indicator includes the volume of output and contribution; c) supervision is needed, this indicator includes the need for advice, direction or improvement; d) attendance, this indicator covers regularity, trustworthiness/dependability, and timeliness; e) conservation, this indicator covers prevention, waste, damage, and maintenance.

2.3 SWOT Analysis

The SWOT analysis is useful for obtaining information from situation analysis and separate it from internal issues (strengths and weaknesses) and external issues (opportunities and threats) (Suci, et. Al., 2019). The SWOT analysis will explain whether the information indicates something that will help the company achieve its objectives or give an indication that there are obstacles that must be faced or minimized to meet the desired income (Ferrel and Harline, 2005). According to Solihin (2012), SWOT is the analysis tool that lasts the longest and is widely used by companies to conduct situational analysis in strategy formulation. All organizations have strengths and weaknesses in the functional area of business. No company is as strong or weak in all business areas. Internal strengths/weaknesses, combined with external opportunities/threats and clear mission statements, form the basis for setting goals and strategies. The goals and strategies are set with the intention of utilizing internal strengths and overcoming weaknesses.

SWOT stands for strengths, weaknesses, opportunities, and threats. Strength is a unique competence that provides an inherent advantage for companies in the market. Weakness is a limitation for deficiencies in resources, skills, and capabilities that efficiently hamper company performance and become a source of corporate weakness. Opportunity is a tendency for external conditions under the

company's objectives will be a benefit in the corporate environment and is one source of opportunity. The threat is a significant nuisance to the company's current or new position, an unfavorable situation in the company's external environment.

The SWOT matrix can be divided into four strategies, namely, SO strategy, WO strategy, ST strategy, WT strategy. The SO strategy utilizes the company's internal strengths to take advantage of external opportunities. The WO strategy aims to correct internal weaknesses by taking advantage of external opportunities. The ST Strategy uses the strength of a company to avoid or reduce the impact of external threats. The WT strategy is a defensive tactic aimed at reducing internal weaknesses and avoiding external threats.

3. Research Method

This study involved five cities in East Java, namely Blitar, Malang, Batu, Pasuruan, and Kediri. The sample unit in this study is the tourism sector SMEs. Thus, the population in this study is all SMEs in the tourism sector in the five cities. The sampling process in this study is a random sampling, wherein each city 20 tourism SMEs will be taken. After the SMEs are selected, then five employees will be drawn at each SMEs as a respondent. The number of respondents in this study was 100 people. The respondents filled out a questionnaire that was used as a source of research data.

The Strength-Weakness Opportunity-Threat (SWOT) method is used to determine the right strategy for improving SMEs' performance. This process involves scoring and rating internal factors (Strength and Weakness) and external factors (Opportunity and Threat). The score given by the respondent is a measure of how vital an indicator is. In contrast, the assessment given by the respondent is a measure of how well the indicator's condition is.

4. Results and Discussions

4.1 Internal factors

Internal factors consist of the strengths and weaknesses of the tourism sector SMEs. In this study, six strength indicators and five weakness indicators were used. Based on the results of the respondents' assessment, the weights for each indicator are as follows.

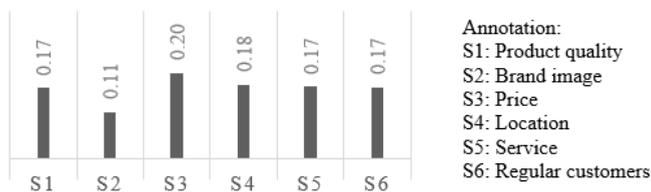


Figure 1. The Score of Strength Indicator

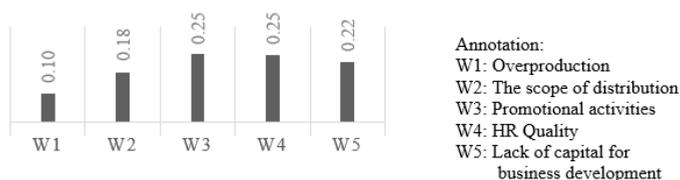


Figure 2. The Score of Weakness Indicator

Based on Figure 1, the strength indicator with the most influence is the price (S_3). That is indicated by the most significant score, which is 0.20. On the other hand, the strength indicator with the smallest influence is the brand image, with a score of 0.11. Figure 2 shows that indicators of weakness with the most significant influence are promotional activities (W_3) and HR quality (W_4). The two indicators have the same score, which is 0.25.

4.2 External Factors

External factors consist of opportunities and threats of the tourism sector SMEs. In this study, five opportunity indicators and four threats indicators are used. Based on the results of the respondents' assessment, the weights for each indicator are as follows.

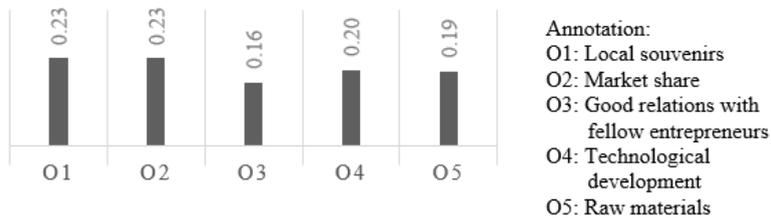


Figure 3. The Score of Opportunity Indicator

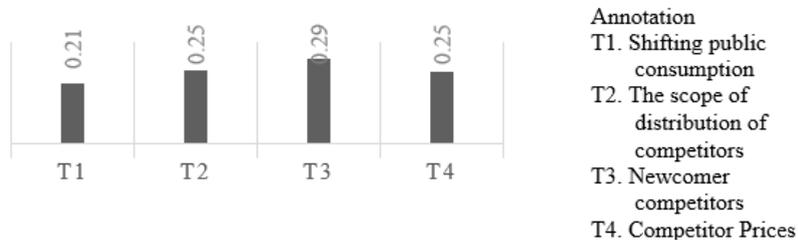


Figure 4. The Score of Threat Indicator

Based on Figure 3, the opportunity indicators with the most influence are regional souvenirs (O_1) and market share (O_2). The scores of the two indicators are 0.23 each. Meanwhile, Figure 4 shows that the threat indicator with the smallest influence is newcomer competitors (T_3), which is scored by 0.29. Figure 4 also shows that the indicator of weakness is with the least effect of shifting consumption (T_1).

4.3 SWOT analysis for each city

The strategy for each city is determined based on the score of each indicator, which is the result of the multiplication of scores with respondents' ratings of indicator conditions. In the following Table 1, the scores of each indicator are presented in each city.

Table 1. SWOT Scores

Factor	Indicator		Scores				
			Blitar	Malang	Batu	Pasuruan	Kediri
Internal	Strength	S1	3,85	3,90	4,35	4,10	4,15
		S2	3,90	3,90	4,10	4,10	4,00
		S3	4,05	4,40	4,40	3,80	4,40
		S4	4,05	4,10	4,05	3,95	4,00
		S5	3,95	3,65	4,15	4,15	4,20
		S6	4,20	4,35	3,95	4,00	4,00
	Weakness	W1	3,15	3,05	3,10	2,65	2,65
		W2	3,15	2,70	3,10	3,20	2,75
		W3	2,90	2,90	2,85	2,85	2,75
		W4	2,80	3,10	2,70	3,05	2,40
W5		3,35	2,95	3,15	2,80	2,75	
External	Opportunity	O1	4,55	4,15	4,30	4,10	4,35
		O2	4,45	4,60	4,35	3,80	4,30
		O3	4,50	4,30	4,45	3,95	4,35
		O4	4,30	4,00	4,75	3,80	4,10
		O5	4,55	3,65	4,35	3,75	4,00
	Threat	T1	2,05	1,90	1,95	2,50	2,35
		T2	2,35	1,85	1,80	2,65	2,05
		T3	2,10	1,90	1,75	2,70	1,95
		T4	2,25	1,90	2,25	2,50	2,05

4.3.1 City of Blitar

Table 1 shows that the strength indicator with the highest score in Blitar is regular customers (S6). Meanwhile, the indicator of weakness with the highest score is lack of capital (W5). The most significant opportunities owned by the tourism sector SMEs in Blitar are local souvenirs (O1) and raw materials (O5). The greatest threat is the competitor distribution (T2). The following is a graph of the results of a SWOT analysis for the tourism sector SMEs in Blitar.

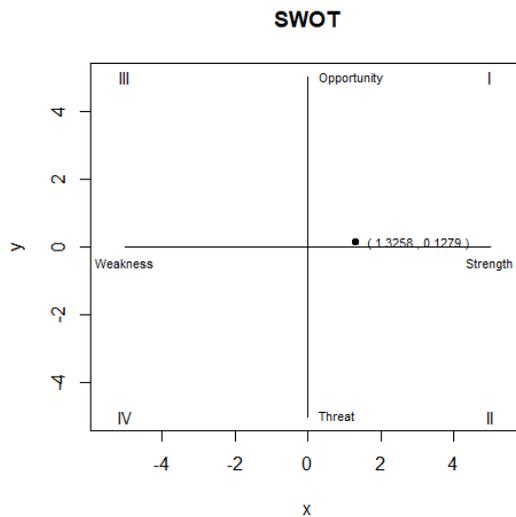


Figure 5. SWOT Analysis Results of Blitar City

The difference between the score of strengths and weaknesses and the difference between the score of opportunities and threats form coordinate points (1.3258; 0.1279), which located in quadrant I. This position shows that SMEs in Blitar have excellent strength and high chance. Thus, the strategy recommendations given are progressive. SMEs is in prime condition so that it is possible to continue to expand, as well as increase growth and achieve maximum progress. Employee training is considered very important to support it. Employee training is expected to improve performance so that SMEs are more ready to expand.

4.3.2 City of Malang

Table 1 shows that the strength indicator with the highest score in Malang is the price (S₃). Meanwhile, the indicator of weakness with the highest score is the quality of HR (W₄). The most significant opportunity owned by the tourism sector SMEs in Malang is the market share (O₂). The city of Malang has considerable threat, including a shift in public consumption (T₁), newcomer competitors (T₃), and competitor prices (T₄). The following is a graph of the results of a SWOT analysis for the SMEs tourism sector in Malang.

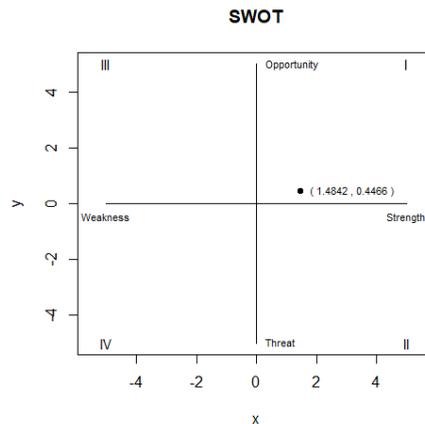


Figure 6. SWOT Analysis Results of Malang City

The difference between the score of strengths and weaknesses and differences between the score of opportunities and threats form coordinate points (1.4842; 0.4466), which located in quadrant I. This position shows that SMEs of Malang has excellent strength and a big opportunity. Thus, the strategy recommendations given are progressive. SMEs are in prime condition, so it is possible to continue to expand, as well as increase growth and achieve maximum progress. In order to expand, employee performance also needs to be improved in order to meet market needs. In this case, employee training can be the first choice. Training activities include information related to how to do work effectively and efficiently.

4.3.3 City of Batu

Table 1 shows that the strength indicator with the highest score in Batu City is the price (S₃). Meanwhile, the indicator of weakness with the highest score is business development (W₅). The highest opportunity owned by the tourism sector SMEs in Batu City is technological progress (O₄). The highest threat is the competitor' sprice (T₄). The following is a graph of the SWOT analysis results for the tourism sector SMEs in Batu City.

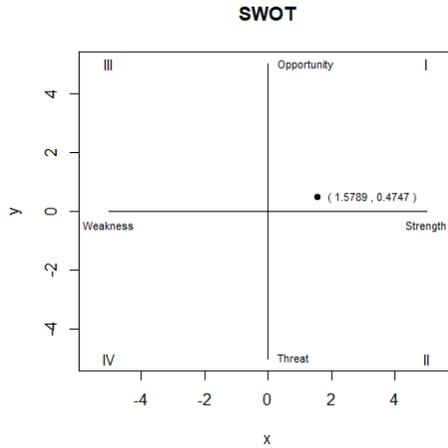


Figure 7. SWOT Analysis Results of Batu City

The difference between the score of strengths and weaknesses and the difference between the score of opportunities and threat form a coordinate point (1.5789; 0.4747), which is located in quadrant I. This position shows that the SMEs of Batu City has excellent strength and tremendous opportunity. Thus, the strategy recommendations given are progressive. SMEs are in prime condition, so it is possible to continue to expand, as well as increase growth and achieve maximum progress. Employee training is considered very important to support this. Employee training is expected to improve performance so that SMEs are more ready to expand.

4.3.4 City of Pasuruan

Table 1 shows that the strength indicator with the highest score in Pasuruan City is service (S₅). Meanwhile, the indicator of weakness with the most significant score is the scope of distribution (W₂). The highest opportunity owned by the tourism sector SMEs in Pasuruan City is a local souvenir (O₁). The highest threat is new comer competitors (T₃). The following is a chart of the results of a SWOT analysis for the tourism sector SME in Pasuruan City.

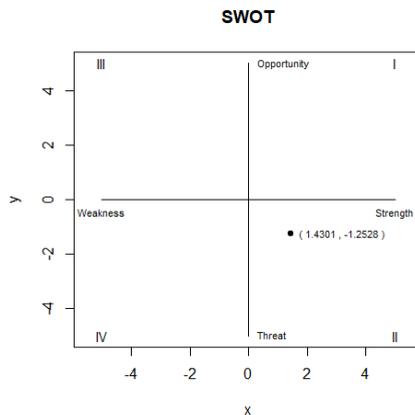


Figure 8. SWOT Analysis Results of Pasuruan City

The difference between the score of strength and weakness and difference between the score of opportunity and threat form the coordinate points (1,4301; -1,2528), which located in quadrant II. This position shows that the SMEs of Pasuruan City are in a strong position but face significant threats. Thus, the strategy recommendations given are diversification of strategies; means that SMEs are in prime condition but face many severe threats so that it is estimated that the organization will find it challenging to keep on the job if they only rely on the previous strategy. Therefore, SMEs are advised to immediately multiply the variety of tactical strategies, such as telemarketing (Hermawati, et al., 2019)

The highest threat to SMEs in Pasuruan City is the emergence of newcomer competitors. Thus, improving employee performance must begin by providing information related to ethical production and promotion processes. Right quality products supported by active promotions are expected to be able to make SMEs still exist amid the emergence of newcomer competitors, both fellow SMEs competitors and large businesses. So it takes innovation from SMEs. That is in line with research findings from (Hermawati and Gunawan, 2020) (Hermawati et al., 2019), which show that managers must be eager to innovate to adapt to a changing environment and keep updating plans that have been determined. Learning is an ongoing process needed for innovation, requiring the latest support from knowledge generated through learning. For this reason, learning is needed in all dynamic ability processes.

4.3.5 City of Kediri

Table 1 shows that the strength indicator with the most significant score in Kediri City is the price (S₃). Meanwhile, the weakness indicators of the City of Kediri tend to vary, including the scope of distribution (W₂), promotional activities (W₃), and lack of capital (W₅). The highest opportunity owned by the tourism sector SME in the City of Kediri is a local souvenir (O₁). The highest threat is shifting public consumption (T₁). The following is a graph of the results of a SWOT analysis for the tourism sector SMEs in Kediri City.

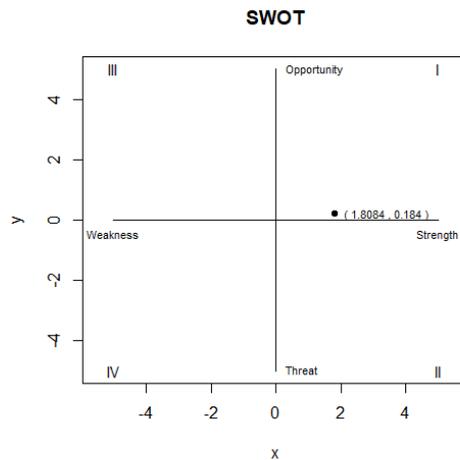


Figure 9. SWOT Analysis Results of Kediri City

The difference between the score of strengths and weaknesses and the difference between the score of opportunities and threats form a coordinate point (1.8084; 0.184), which is located in quadrant I. This position shows that the SMEs of Kediri City have great strength and high chance. Thus, the strategy recommendations given are progressive. SMEs is in prime condition so that it is possible to continue to expand, as well as increase growth and achieve maximum progress. Employee performance also needs to be improved in order to meet market needs to expand. In this case, employee training can be the first choice. Training activities include information related to how to do work effectively and efficiently.

5. Conclusion

In general, the condition of the tourism sector SMEs in these cities is already quite good. Tourism SMEs in the five cities have more dominant strengths than their weaknesses. The cities of Blitar, Malang, Batu, and Kediri are even known to have more significant opportunities than threats. On the other hand, Pasuruan City is known to face considerable threats, namely related to the presence of new comer competitors (T₃). Each city has varied internal and external conditions. However, one of the dominant strength indicators for some cities is the price. Affordable prices are the main strength for tourism SMEs in the cities of Malang, Batu, and Kediri.

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