Competitive Strategy for Micro, Small Business and Medium Food Industry Sector

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Abstract— **Micro, Small and Medium Enterprises (MSMEs) have a significant contribution to the Indonesian economy but in its development leaves many problems such as marketing difficulties, financial constraints, limited human resources, raw material issues, technology, management issues and weak partnerships. The purpose of this research is to know the competitive advantages of tempe chips industry through Diamond Cluster Models approach and Analyze the development strategy of Tempe Sanan chips industry by using SWOT analysis technique by doing internal analysis (Strength, Weaknesses) and external (Opportunities, Threaths). The type of this research using qualitative research type using descriptive approach where the object of this research focused on the entrepreneur on tempe Sanan chips industry which represents subjects based on several criteria that is entrepreneur, business age, and business activity. While the analytical tool using Diamond Cluster Models approach. And SWOT analysis. The result of the research shows that by using Diamond Cluster Models approach, it is obtained that the tempe chips industry has an advantage on the quality and taste aspects so that it has the potential to compete. While from the SWOT approach, it is found that from the internal aspect where the value of Total Score Weight Strength - Total Score Weak Weight = 1,661 - 0.967 = 0.694 while Total Score Weight Opportunity - Total Threat Weight Score = 1.776 - 1.294 = 0.482, so it can be concluded that the development strategy Tempe chips industry using SO strategy or aggressive strategy.**

Keywords— MSME, strategy, Diamond Cluster Models and SWOT

I. INTRODUCTION

According to data of the Ministry of Cooperatives and MSMEs, in 2013 MSMEs were able to contribute IDR. 5,440 trillion (at current prices) to Gross Domestic Product (GDP), able to absorb 114.14 million people, and able to attract IDR. 1,655.2 trillion, with a total number of businesses as many as 57.89 million business units.

The contribution of MSMEs to national GDP in 2013 was 57.6% (on the basis of constant prices), which isthe 30.3% came from micro-enterprises, 12.8% came from small businesses and 14.5% came from medium-sized businesses. Whereas MSME participation in exports is still relatively low, with micro businesses contributing 1.38%, small businesses by 2.76% and medium businesses by 11.54%, while 84.32% is contributed by large-scale businesses (www.bi.go.id).Modern learning does not only prepare students to learn concepts and theories about the world, but in real terms students must also be directed to learn

independently about reality and ways to deal with it well MSMEs still have many problems that need to be handled by the authorities to overcome limited access to bank credit or other sources of capital and market access. In addition, the weaknesses of organization, management, and mastery of technology also need to be addressed. There are still many problems faced by SMEs making the ability of SMEs to take part in the national economy cannot be maximized [1]. According to some researchsas mentioned by [2] [3] explain thatthere 8 issuesfaced by MSMEs in Indonesia, namely: (1) simple organizational structure with non-standard division of labor (2) less of fund, (3) limited and loq quality of human resources (4) a simple technology (5) finding difficulty in marketing, (6) low quality of management, (7) most of MSMSs has no financial report, and (8) weak legality aspect. The problem leads to weak business networks, limited market penetration capability and product diversification, economies of scale are too small to make it difficult to reduce costs, profit margins are very small, and furthermore SMEs do not have a competitive advantage. Looking at the various problems faced in the development of SMEs, it needs a development strategy for the development of SMEs in Indonesia running quickly, all problems faced by MSMEs can be reduced, and MSME have a more competitive advantage [4]. Thus, all problems faced by MSMEs should be an input or consideration in formulating its development comprehensive strategy and can run effectively and efficiently.

Sanan Tempe Chips Industrial Center is one of the UMKM, which is quite developed and has become the icon of Malang City. The effort made in Tempe Sanan industrial center is not only producesTempe from soybean or peanut, or meet the needs of community side dishes, but also has been developed into various products of Tempe chips and fruit chips. Tempe Sanan industry is also known as a typical souvenir center of Malang. UMKM is chosen in Tempe Sanan industrial center because it is one of UMKM that succeeds in improving people's life even become icon of Malang city. However, production of Tempe chips industry center is still around local environment, and is not exportedyet. This is caused by several problems such as the use of production technology that is still traditionally based; marketing strategies that are not based on information technology, management; finance that is still manual and others. Based on this, this research is important as a basis for making a competitive strategy by identifying the problems faced so far. So the steps of business development can be

more easily to achieve. Therefore the purposes of this study are 1) Knowing the competitive advantages of Tempe Chips Industry through Diamond Cluster Models approach. 2) Analyzing the development strategy of Tempe Sanan chips industry by using SWOT analysis technique by doing internal analysis (Strength, Weaknesses) and external (Opportunities, Threaths).

II. LITERATURE REVIEW

A. Micro, Small and Medium Enterprises (MSMEs)

Based on government regulation Number 20 of 2008, there are several criteria used to define Understanding Micro, Small and Medium Enterprises, as follows:

1. Criteria of Micro Enterprises (UM), is productive business owned by individual and / or individual business entity fulfilling the criteria of Micro Business.

2. Small Business Criteria, is a stand-alone productive economic enterprise, conducted by an individual or business entity that is neither a subsidiary nor a branch of a company owned, controlled, or becomes part directly or indirectly from a medium-sized or large- meet the criteria of Small Business.

3. Medium Business Criteria, is a stand-alone productive economic enterprise, conducted by an individual or business entity that is not a subsidiary or a branch of a company owned, controlled, or becomes part directly or indirectly with a small or large-scale business by the amount net worth or annual sales results.

B. Micro, Small and Medium Enterprises (MSMEs)

SMEs have a very large contribution for the national economic development, because in addition to its contribution in the national economic growth and the absorption of human labor, MSMEs also play a role in the distribution of development results. This sector is also more resilient in facing the crisis. Therefore, the government's attention to the development of MSMEs is absolutely necessary in order to develop more competitive.

[5] said that the common problems faced by MSMEs in Indonesia are:
1. Marketing Difficulties
2. Financial Limitations
3. Limitations of Human Resources
4. Raw Material Issues
5. Technology
6. Management Issues
7. Weak Partnership

C. Direction of MSME Development

The direction of policies and strategies for empowering cooperatives and SMEs cannot be released by efforts to develop innovation and technological competencies to improve bargaining position and business efficiency and support the distribution and growth of national economy. Therefore, it is necessary to improve the business environment that is more conducive for improving the competitiveness of cooperatives and SMEs. Along with that, it is also necessary to improve the access of cooperatives and SMEs to productive resources, including capacity, competence, and business productivity.

Taking into condition of both internal and external conditions, the Ministry of Cooperatives and SME Strategic Plan has established 5 (Five) priority policy directions in the empowerment of Cooperatives and SMEs that will be pursued in the next five years.

a. Improving business climate conducive for Cooperatives and SMEs.
b. Increasing access to productive resources.
c. Producting development and marketing for Cooperatives and UMKM.
d.Improving Cooperative Human Resource Competitiveness and UMKM.
e. Strengthening of Institutional cooperatives.

D. Strategy Theory

The strategy is derived from the Greek, strategia, defined as the art of general or art used by leaders in warfare. In a general sense, strategy is a way to gain victory or goal achievements.

Chandler [6] stated that strategy is a tool to achieve corporate goals related to long-term goals, follow-up programs, and resource allocation priorities. While [8] also stated that strategy as a plan for the distribution and using of military and material forces in certain areas to achieve certain goals. But in a business context, the strategy is to describe the direction of the business following the selected environment and the guidelines for allocating resources (HR and SDA) and the business of an organization.

E. Definition of Business Development

Business development is "Tasks and processes of analytical preparation of potential growth opportunities, support and monitoring of business growth opportunities, but excludes decisions on strategy and implementation of business growth opportunities" (Id/Wikipedia). As for large-scale business and established, especially in the field of industrial technology related "Business development" term that often refers to setting up and managing strategic relationships and alliances with others, third-party companies.

In this case, companies can utilize each other's expertise, technology or intellectual property to expand their capacity to identify, examine, analyze and bring to market new business and new products, business development focuses on the implementation of strategic business plan through equity financing, acquisition / divestment technology, products, and others.

F. Diamond Cluster Model

Porter's Diamond Cluster Model identifies the industry's competitive model into 4 (four) components:

First, the input factor is a production factor that is very important to produce strategic competitive advantage in different industries [9]. In the industrial world, input factors naturally exist in industrial clusters such as human resources, capital resources, physical infrastructure, information infrastructure, infrastructure of science and technology, administrative infrastructure, and natural resources. To understand the role of these factors in the face of competitive advantage, Porter divides into two types

namely the basic factor and the advantage factor. Diaman basic factors include location, climate, natural wealth, skill workers and capital. While the advantage factor consists of infrastructure and research institutions. The most important competitive advantage is where the state is able to master these factors of production.

Secondly, the demand condition in which the more advanced a certain society and the more demanding the domestic customers, then an industry will strive to improve the quality of the product or make innovations in order to meet the desire of high customers. So that this factor can determine the speed and character of improvement and innovation carried out by companies in an industry. Third, related and supporting industries for efficiency and synergy in clusters, especially related to transaction cost, information, technology sharing, and expertise that can be utilized by other industries, to improve competitiveness and productivity. The existence of related industries can lead to new industry competition where companies can coordinate and divide activities in value chains when competing or complementary products. Fourth, company and competition strategy (context for firm, strategy, and rivalry) that can encourage companies to improve product quality and innovation. With a healthy and rigorous competition, the company seeks to find the most suitable strategy and improve the effectiveness and efficiency.

The four factors that make up the diamond model give each other an impact or influence between one factor with another factor and often in practice each depends on each other. As corporate strategy is highly dependent on input conditions, where without adequate input (read: human resources) innovation and creation can not arise. In this context, that weakness in one factor can be an obstacle in an industry to thrive and advance and vice versa.

G. Business Development Strategy through SWOT

Small and Medium Enterprises must have strategic planning. Company leaders must always try to find a match between internal and external forces (opportunities and threats) in the market. Its activities include careful observation of competition, regulation, inflation rate, business cycle, consumer wants and expectations, and other factors that can identify opportunities and threats.

The process of analysis, formulation, and evaluation of strategies is called by strategic planning. The main purpsoe of strategic planning is the company can objectively see the internal and external conditions of a company, so that it can anticipate external environmental conditions. In this case, it can be distinguished where the functions of management, consumers, distributors, and competitors. Strategic planning is very important to obtain competitive advantage [6].

SWOT is a systematic identification of various factors to formulate a company strategy. This analysis is based on the logic that can maximize strength and opportunities but simultaneously can minimize weakness and threat [7]. After the SWOT analysis, the strategic planning process is formulated through 3 stages of analysis as follows: first step is Data Collection, Second is Analysis, and third is Decision Making

III. METHOD

The research location is in the Sanan Tempe Chips Industrial Area Jl. Sentra Industri Tempe Sanan Kelurahan Purwantoro Malang City East Java Province. The object of this study focused on entrepreneurs in Tempe Sanan chips industry which represents subjects based on several criteria that is entrepreneur, business age, and activity of business. Regarding the subject of this study researchers used 10 entrepreneurs while this type of research using qualitative research with descriptive approach. Where the data collection using primary and secondary data. While the data collection method uses interviews, questionnaires and documentation. The research or analysis approach used to formulate the UMKM development strategy in this research are (1) Diamond Cluster Model (2), and SWOT Analysis. Both approaches will then be used to analyze the data.

IV. RESULT AND DISCUSSION

A. General Description of Sanan Tempe Chips Industry

Sanan's tempe chips industry is located in Purwantoro Subdistrict, Blimbing Subdistrict, Malang City. Sanan village is famous for the biggest tempe chips industry in East Java. Even in the last few years the Sanan tempe chips industry center has become the icon of Malang City. The advantages of various chips from Malang chips:

1. Without using preservatives.
2. Thinner chips is so crispy when eaten.
3. Using quality vegetable oil.
4. Not easily rancid when stored.
5. Good and hygienic packaging.
6. Various flavors are available.

Various chips of Malang chips consist of several different flavors, among others: original taste (original flavor without additional seasoning powder), chicken sour taste. Spicy onion Chicken, Balado, Barbeque, Grilled Corn, Sweet Corn, Cheese, Black Pepper, Grilled Chicken, Spicy Sweet, Pizza, Seaweed, Sambal Udang, Roast Beef, Seafood, Spagheti, Shrimp, Jeruk Purut, Balado Hijau, Sambal devil.

The approach used to identify these competitive advantages is the Diamond Cluster Model developed by [10] which can be identified into 4 (four) components: first is input factor. Second is the condition of demand (demand condition). Third is supporting and related industries (related and supporting industries) and fourth is corporate strategy and competitors. Based on the point of view, the input is divided into seven (7) classifications, namely;

1. Human Resource

Human resources are the most important factor in an organization. Therefore, comprehensive and programmed human resource planning [11] is required. Referred to as Human Resources Planning is a systematic and strategic process related to forecasting the needs of future employees / employees in an organization by using appropriate sources of information for the supply of labor in quantity and quality in accordance with the needs [12]. Therefore, companies must acquire, place and maintain the quality of employees in order to perform the work more efficiently and effectively.

The first step and can be the main key to the success of a business in achieving its goal is the recruitment of

employees, where if employees are recruited competent then the process of industrial activity will run well. Therefore, the company must make the appropriate and appropriate recruitment process. According to [13] [11] common steps in employee recruitment, among others, identifying vacant positions, seeking position information through job analysis (anjab), determining the right candidate, choosing the right method, who are deemed to be eligible, filtering out, making a work offer and starting work.

From the aspect of human resources, Tempe chips industry uses local resources in the village and around the village. Giving this industry including micro, small and medium industries, certainly the recruitment mechanism of resources (read: employees) is unlike the hiring model that has been common in large companies. As every employee should be minimal educated, a particular performance index, have special skills, and others. In Tempe Sanan chips industry center, employee recruitment model is more based on emotional assessment such as relatives, neighbors or their own family (children, wife / husband and others).

This model has happened for generations because the background of business establishment is based on family business

2. Capital Resource

StatesCapital Resources or working capital is finansial used to finance the day-to-day operations of the company especially those with short duration [14]. While the indicators that can be used to measure the capital of a MSME [15] are: the use of own capital, the use of loan capital, the level of profit and capital accumulation, and differentiate personal expenses with the company.

Since the first time Tempe chips entrepreneurs have been using their own money to produce Tempe chips. But along with the increasing demands of consumers, some entrepreneurs who use banking services or cooperatives to increase their capital.

3. Physical infrastructure

The limited availability of infrastructure (infrastructure), both hard and soft insfrastructure, becomes a serious problem as it is related to the costs of MSMEs transactions being greater than large-scale enterprises. According to the World Competitiveness Report (2015-2016) related to the availability of infrastructure where the quality index is measured by considering three things: transportation, electricity and telephone.

Government policy by making the integration between UMKM and big industry will make the quality of product and able to improve the quality of human resources of UMKM. In principle, the condition of infrastructure is divided into 2 kinds of sources, namely from the government and from the entrepreneurs themselves (who gotong royong) since the Tempe chips industry has become an icon of poor city, government support is intensified like access to transportation (road), electricity and telephone. The role of government to support the implementation of production activities in the Tempe chips industry center is very large. The attention is shown such as the easy installation of telephone, easy installation of electricity and fast service and attention to the condition of damaged roads, even in the neighborhood within the village industrial centers are also well paved. It's just that the issue of narrow building layout makes widening the road is very difficult so that potential

traffic jams, especially the holiday season. Because this holiday season many buyers come to this industrial center.

4. Information infrastructure

According to [16] the use of information technology can have a positive effect on management strategies related to communication, decision making, information, data management and knowledge management in an organization. Information technology can be a tool for companies that can provide benefits in terms of promotion and competitiveness [17] and can reduce costs and coordination with outsiders [18].

The most of Tempe chips entrepreneurs already use information-based technology such as websites, blogs, twitter, facebook and whatsapp. This method is more effective because not all entrepreneurs have their own outlets so that they use social media to introduce the products they produce to the public.

5. Scientific Technology Infrastructure

The role of Malang City government (especially) and academics (lecturers or students) in an effort to improve the quality and quantity of products underlying by effectively and efficiently has been done. The Government of Malang City in an effort to support the business continuity in the tempe chips industry center such as conducting training such as product quality improvement training, managerial training and others. While academics often do training and coaching on entrepreneurs such as how to make good and correct bookkeeping, how to sell through social media and others.

6. Technology

The technology used by the Sanan tempe chip entrepreneurs still uses traditional technologies such as the process of making tempe, slicing equipment, and packing. The problem is not only want or not for the use of modern technology such as cutting machines but rather the utilization of local human resources even before some entrepreneurs used cutting machines / slicer tempe but resulted in the termination of their employees.

7. Administrative Infrastructure

One of the weaknesses of micro, small and medium enterprises is the problem of administration. Matters relating to these administrative matters include financial accounting entry, product advertising methods, and so on.

In the tempe Sanan chips industry center, some of the disadvantages associated with administrative matters are not well recorded where the process of raw material expenditure up to the sale is only recorded in the book and not even recorded. Many entrepreneurs do not pay attention to product advertising. This is caused most of the entrepreneurs open their own outlets.

B. Natural Resource

Tempe chips production process required various raw materials such as soybeans, flavoring various flavors, and others including supporting tools such as plastics, stickers and others. To obtain the raw materials the majority have been provided by stores and cooperatives in sanan environment.

C. Aspects of Demand Conditions

UMKM performance indicators according to [19] are profit growth, growth in number of customers, growth in sales and asset growth.

In recent years, the demand for tempe chips has increased the number of requests causing entrepreneurs to increase the production capacity of tempe chips, ieevery day Mr. Hidayat needs 35 flow or Tempe boxes and produces 130 kilograms of chips and packaged in small packages. The chips are ordered by buyers from Sidoarjo, Surabaya, Kalimantan and other big cities. Through this effort, the velocity of money at Hidayat's outlets can reach Rp 96 million per month

Whereas Mrs. Frimiyanti, per day received orders for 2,000 packs of chips from outlets in Malang, Sidoarjo, Pasuruan, Surabaya and other areas. Its business turnover reaches IDR 180 million per month assuming IDR 6 million per day.

According to Mr. Hidayat and Mrs. Frimiyanti, the increasing consumer demand is due to the creation and innovation of Sanan tempe chips entrepreneurs, namely instant flavors of various flavors ranging from balado, chicken onion, black pepper chicken, roasted corn and so on making the economic value of chips much higher than if sold in the form of tempe.

D. Aspects of supporting industries

In the tempe chips industry center, the business support industry has been well established with each other, besides on the economic basis such as shops / outlets around industrial centers, also on social or kinship basis, such as raw material supply store owners, etc.

The existence of a shop or outlet provider of basic industry needs such as soybeans, packing tools, spices, cutting tools, wrapping plastic, paper / box wrapping even until the striker provider has a very good relationship. So that in the context of support between one another, it has been well established and economically helped each other.

E. Aspects of Company / Competitive Strategy

product quality and innovation. The competitive competition, companies can find the right strategy and strive to improve efficiency.

According to [20] states that the ability of competing MSMEs is determined by two variables, namely internal and external. Internal variables consist of the size of the company, personal stakeholders, educational background (owner and workers) and corporate culture. While external variables related to the policy and purchasing power of the community.

In the tempe chips industry, the efforts made by its entrepreneurs to improve the competitiveness of their products are by innovating products such as taste, packaging and quality of chips.

F. Linkages between Models

The linkages in the diamond cluster model theory developed by Porter can be modified according to the objective conditions at the research location. The basic principle of this theory is the relationship between variables, where one variable with another variable is interrelated.

Looking at the relationship between Porter's theory and the objective conditions of the research, it can be described as follows:

1. Aspect of Input: this aspect is directly related to government policy where availability of raw material for production is facilitated by government either Malang City Government, Province or central government (related department). The consequences of this facility are related to the market mechanism whereby the tempe Sanan chips product can determine business continuity, including pricing. If referring to existing conditions in the research location the role of government is very good, where the availability of raw materials such as soybean (as the main raw material) can be fulfilled so that the process of marketing / selling tempeh chips runs stable.

2. Demand Aspect: other than determined by the condition of raw materials, market conditions and government participation in helping smoothness of business is very important. For market conditions concerning ease of market access, market stability and market mechanism including the ability to buy / purchasing power of consumers will determine the sustainability of market conditions (demand condition). With a relatively affordable price of 3,500 rupiah per pack then consumer purchasing power can reach the price. While from the aspect of the government that has been happening in the tempe chips industry center that the government has been instrumental in supporting the business continuity in the tempe chips industry center this can be seen from the Malang municipal website which publishes the tempe chips industry.

3. Supporting Industry Aspects: the existence of supporting industries is very important for the market because it can simplify the process of sales and production. In the context of the tempe sanan chips industry center, the relationship between entrepreneurs and entrepreneurs with outlets around the business can facilitate the sale of entrepreneurs because besides selling via online, entrepreneurs also provide or provide stock for traders / outlets around the industry. In this condition, the existence of an outlet can affect the production of entrepreneurs.

4. Company strategy (firm strategy): that each company has its own strategy in running its business. In the strategic tempe chips industry center, each of these entrepreneurs can determine access and market reach, for example by using information technology, entrepreneurs can sell their products without having to face face to face and the market reach is wider so that the opportunity to get as many good consumers.

G. Industrial Development Strategy

The results of the SWOT analysis can be seen through the IFAS and EFAS tables. The datas were obtained from the results of in-depth and questionnaire interviews. Where analysis of Opportunities and Threats using an External Factor of Analysis Strategy (EFAS) is an evaluation matrix of internal factors that contains opportunities and threats to the organization. In giving an assessment (weight) of each factor ranging from 0.00 (not important) to 1.00 (most important). The number of ratings does not exceed 1.00. While the rating for the rating (value) on the opportunity factor, if the opportunity is large given the value of +6 (very

high), but if the small opportunity is rated +1. A positive assessment of +1 up to +6 But for negative variables (challenges), the greater the challenge, the value is 1 and if it is more likely (value below the average of other industries) the value is high (4) [21].

H. EFAS and IFAS Matrices

EFAS matrix model of key factors in external analysis obtained through a questionnaire:

Table 1: External Matrix Factor of Analysis Strategy in the Sanan Tempe Chips Industry

No.	OPPORTUNITIES	Weight	Value	Weight * Nilai
	EFAS			
1	Extremely high business market	0,082	3,90	0,318
2	The selling price is relatively cheap	0,102	4,60	0,469
3	The product is typical of Malang	0,082	4,20	0,343
4	The only industry of Tempe Sanan Chips in Malang	0,061	3,80	0,233
5	good government commitment	0,061	2,50	0,153
6	Still a bit of Tempe Sanan Chips industry in east java	0,061	3,10	0,190
7	The market share is still open	0,041	1,70	0,069
	Total	**0,490**	**23,800**	**1,776**
	THREATS			
1	High competition in the development of Tempe Sanan Chips industry	0,061	2,40	0,170
2	Uncertainty of acquisition of funds from investors or government	0,082	4,30	0,386
3	the increasing number of employees who moved to work	0,082	3,60	0,341
4	The declining purchasing power of the people along with the increase in prices of some basic material needs	0,082	3,60	0,341
5	Do not have any marketing techniques over the internet	0,041	1,80	0,080
6	Perception of price	0,041	2,60	0,114
7	Technology manual	0,020	1,40	0,034
	Total	**0,408**	**19,70**	**1,294**
	DIFFERENCES OF THREATS			0,482
	TOTAL CUMULATIVE	**0,898**		**3,069**

Source: 2017 processed data

Furthermore, the second step of matrix strategy is to use Internal Factor of Analysis Strategy (IFAS) is an evaluation matrix of internal factors that contains the strengths and weaknesses of the organization. After performing an internal environmental analysis based on the perception of stekeholders, the final step of this analysis is to make an IFAS matrix. According to [22] the IFAS matrix was developed based on the following five steps, namely; 1) Write down the critical success factors identified in the internal analysis process, 2) assign weights with a range from 0.0 (not important) to 1.0 (most important) on each factor, 3) rank 1 to 6 on each factor to indicate the relative importance of that factor to success in the engaged industry, 4) multiply each weight by rank to determine the total weighted value for each variable, 5) add up the weighted value of each variable to determine the total weighted value in the organization.

Here is an IFAS matrix model of key factors through a questionnaire:

Table 2: Internal Factor of Analysis Strategy on Industrial Tempe Chips Industry Sanan

No.	STRENGTHS	Weight	Value	Weight * Nilai
	IFAS			
1	Providing quality products	0,061	3,20	0,196
2	It is easy to reach the village area of Tempe Sanan Chips industry	0,061	2,80	0,171
3	Have a reliable Human Resources	0,061	4,60	0,282
4	Have a unique superior product	0,082	3,00	0,245
5	Products are well known to the public	0,082	4,40	0,359
6	Use of integrated technology	0,082	3,90	0,318
7	Many direct informants because the city of education	0,041	2,20	0,090
	Total	**0,469**	**24,100**	**1,661**
	WEAKNESS			
1	Lack of capital	0,041	2,40	0,098
2	The absence of cooperation with the bureau / travel agency	0,061	2,80	0,171
3	This tourism object is not yet known to the market so it does not have a good image	0,041	2,20	0,090
4	The absence of a visionary managerial system to develop product objects	0,082	2,00	0,163
5	Narrow and jammed access	0,041	4,20	0,171
6	Dependence on consumers	0,041	2,20	0,090
7	Input far / difficult to obtainKurangnya modal	0,061	3,00	0,184
	Total	**0,367**	**18,80**	**0,967**
	DIFFERENCES OF Strenghts & Weakness			**0,694**
	TOTAL KUMULATIF	**0,837**		**2,629**

Source: 2017 processed data

I. SWOT Matrix Analysis

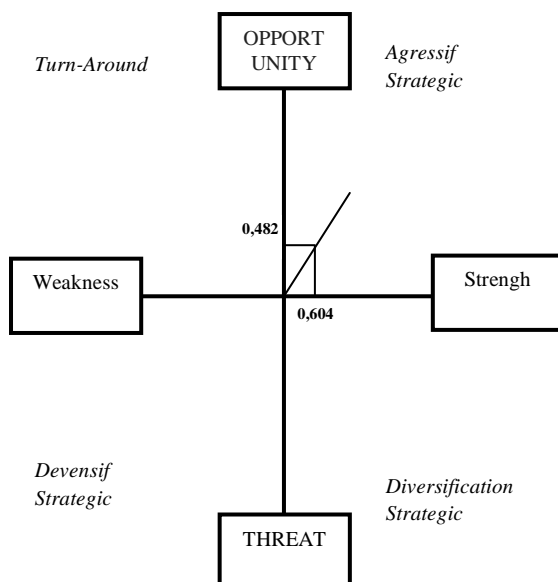Based on the assessment results through IFAS and EFAS methods. SWOT matrix is then calculated as follows:
1. Total Weight Strength Score - Total Score Weight Weakness = 1,661 - 0.967 = 0.694
2. Total Score Weight Opportunity - Total Threat Weight Score = 1.776 - 1.294 = 0.482

Table 3: Position Industry Index of Tempe Sanan Chips Industry

No	Description	Value
A	Internal Factor Analysis	
1	Strength of Tempe Sanan Chips industry	1,661
2	Weakness of Tempe Sanan Chips industry	0.967
	Position Index A	0,694
B	External Factor Analysis	
1	Opportunity of Tempe Sanan Chips industry	1,776
2	Tempe Sanan chips industry threats	1,294
	Position Index B	0,482

Based on IFAS and EFAS analysis, the final IFAS result is 0.694. While the EFAS score of 0.482. The results of the analysis are explained further through the diagram below:

Figure 1. SWOT Strategic Analysis

Based on the SWOT diagram above, it is known that a business strategy that matches internal and external conditions is an aggressive strategy that is running an S-O strategy (strategy using force (S) to capture opportunities (O) (appendix 1).

V. CONCLUSION

Results of a Competitive Strategy Research for Micro, Small and Medium Enterprises in the Food Industry Sector (Studies in Malang City Sanan Tempe Industry Center 2017) show that:

1. Through the approach of Diamond Cluster Models obtained the result that the tempe chips industry has an advantage on the quality and flavor aspects that are owned so that potentially able to compete.

2. From the SWOT approach, it is found that from the internal aspect where the value of Total Score Weight Strength - Total Score Weak Weight = 1,661 - 0.967 = 0.694 while Total Score Weight Opportunity - Total Threat Weight Score = 1.776 - 1.294 = 0.482, so it can be concluded that the

strategy development of tempe sanan chips industry using SO strategy or Aggressive strategy based on conducting aggressive marketing strategies, improving integrated technology and information systems to win competitive competitions, maximizing creativity through peculiarities and keeping quality and prices balanced to remain market leader.

Tempe chips industry Sanan Malang is an icon for the city of Malang itself, As one of the small and medium industries, Sanan chips industry has been able to help the development of Malang City only the pattern developed so far still tend to be traditional because the city of Malang in particular the department of UMKM have an interest in increasing their attention to this industry. Seeing the results of this study there are some who need to get support from the government of Malang is the problem of soft skills, financial, institutional and marketing.

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Appendix 1

IFAS / EFAS	Strength (S)	Weakness (W)
	1. Provide a quality product 2. Easy to reach area of tourist village of Tempe Sanan Chips industry 3. Having a reliable Human Resources 4. Have a unique superior product 5. Products are well known to the public 6. Use of integrated technology 7. Many informants directly because the city of education	1. Lack of capital 2. The absence of cooperation with the bureau / travel agency 3. This tourism object is not yet known to the market so it does not have a good image 4. The absence of a visionary managerial system to develop product objects 5. Narrow and jammed access 6. Dependence on consumers 7. Input far / difficult to obtain
Opportunities (O) 1. Extremely high business market 2. The selling price is relatively cheap 3. Product is typical of Malang 4. The only tempe chips industry in Malang 5. Good Government commitment 6. Still a bit of Tempe Sanan Chips industry in east java 7. Market share still opens	**Strategic (SO)** 1. Conduct an aggressive marketing strategy. 2. Improving integrated technology and information systems to win competitive competition. 3. Maximize creativity through the khasan / Malangan 4. Maintain quality and price remain balanced to remain a market leader.	**Strategic (WO)** 1. Cooperating with travel agents through the association / mediated by the municipal government 2. Minimize the cost of inputs by utilizing the paguyuban. 3. Optimizing industrial activities by innovating products that suit consumers. 4. Implement a conservative strategy. 5. Improve the management of its business resources.
Threats (T) 1. High competition in the development of the Sanan Tempe Chips industry 2. Uncertainty in obtaining funds from investors or the government 3. Increasing number of employees who moved to work 4. The declining purchasing power of the people along with the increase in prices of some basic material needs 5. Have no marketing techniques over the internet 6. Perception of prices 7. Manual technology	**Strategic (ST)** 1. Conduct a competitive strategy. 2. Do independent activities 3. Maximize existing resources to face the era of free market and other competitors 4. Improve competitiveness through improved quality, facilities, and efficient services. 5. Maintain & enhance the reputation of cv. to strengthen the brand image in the community. 6. Updating the tool of making Tempe chips.	**Strategic (WT)** 1. Do a defensive strategy 2. Following the times by adapting the latest technology. 3. Changing the image of consumers that competing products have better quality. 4. Minimize complex bureaucracy. 5. Optimizing promotion through online media.