DEVELOPING STRATEGIES OF COMPETITIVE FOR SMALL MEDIUM ENTERPRISE  
(CASE STUDY OF RUMAH QUE QUE)

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ABSTRACT  
SMEs have a very important role in the economy. One of the SMEs that develops in the city of Bogor is the Rumah Que Que which produces pastries and cakes. This study aims to analyze the internal and external factors of Rumah Que Que and formulate a development strategy for Rumah Que Que to improve competitiveness. This paper is a descriptive study of the umah Que Que research object. Data obtained by observing and interviewing the owner of Rumah Que Que. The method used is to compile internal and external analysis then strategies are prepared using the SWOT matrix. The results showed that the external environment consisted of strengths having four factors while weaknesses consist of six factors. The opportunity factor owned by Rumah Que Que consists of five factors and the threat factor consists of two factors. To realize the competitiveness of SMEs, especially the Rumah Que Que, the roles of all stakeholders including the government, business actors, community, financial institutions, research institutions/universities, and Product Certification Institutions are needed.

KEYWORDS: Small Medium Enterprise, Competitive, Developing Strategy

INTRODUCTION  
The small and medium enterprises are very instrumental in the growth of any economy (Annuar A, 2011). Anggareni et al. (2013) state that SMEs have an important role in a country including, distributing people's income, being able to maintain and develop elements of the traditions and culture of the local community because of the creation of creativity, and assist in the absorption of labor to reduce the problem of unemployment. The number of SMEs in Indonesia in 2018 reached 64,194,057 units with the absorption of 116,978,631 people. Also, the contribution of SMEs to GDP was significant at 61.07% (Ministry of Cooperatives and Small and Medium Enterprises, 2020).

SMEs differ significantly from those for large corporations due to characteristics of SMEs, e.g., personalized management, lack of finances, resource limitations, more flexibility, horizontal structure, a small number of customers, access to a limited market, and lack of knowledge (Alshawi et al. 2011; Ciliberti et al. 2008; Hillary, 2004). The characteristics that are usually possessed by SMEs in Indonesia consist of 4 (four) according to Kuncoro (2007). First, the division of tasks is not clear between the field of administration and the field of operations. This is because most SMEs are managed by individuals who are both managers and owners. Second, access to formal credit
institutions is still low, thus relying on business funding from own capital or family and relatives. Third, SMEs do not yet have legal entity status. And the fourth, more than half of SMEs are engaged in the food business.

Lestari (2013) states that there are several weaknesses of SMEs in Indonesia including in the fields of management, organization, technology, capital, operational and technical in the field, limited market access, licensing constraints, and non-technical costs in the field that are difficult to avoid. The findings of Moeuf et al (2016) in the study of the strengths and weaknesses of SMEs regarding the implementation of lean manufacturing found that there was a conflict between management principles and the characteristics of SMEs. The small and medium enterprises have the following characteristics: lack of methods and procedures, limited resources, non-functional organizations, lack of expertise, short-term strategies, and local management.

One of the SMEs that develops in the city of Bogor is the Rumah Que Que. Rumah Que Que is a food processor in the form of traditional cakes and pastries. Its flagship product is the coconut milk custard with sticky rice or ketan srikaya which has received the SME food award from the Ministry of Trade. Coconut milk custard with sticky rice/ketan srikaya is an Indonesian traditional sweet snack or dessert, a steamed soft glutinous rice coated with silky coconut milk custard. The Rumah Que Que business process consists of (1) producing cakes for sale through its shop and consignment shop; (2) accept cake orders by the wishes of consumers. Besides, Rumah Que Que is one of the SMEs that has received a halal certificate.

Currently, the product that is the mainstay of Rumah Que Que is ketan srikaya with three flavors, namely pandan, durian, and cinnamon. The percentage of sales turnover of ketan srikaya products with other products can be seen in Figure 1. The owner of Rumah Que Que mentioned that ketan srikaya products that are the mainstay have a market share of almost 90% in Bogor City. There is only one competing SMEs that produces similar ketan srikaya products by a by order system.

![Figure 1. Comparison of Coconut Milk Custard with Sticky Rice/Ketan Srikaya Turnover and Other Products at Rumah Que Que](http://ijrcms.com)

Source: Data Processing Results, 2019
The average sales for each variant of coconut milk custard with sticky rice/ketan srikaya can be seen in Figure 2. The owner of Rumah Que Que stated that the sales achievement was good enough and the profit could be obtained but the owner wanted to increase the sales turnover so that the profit gained could increase by 20%. Also, Rumah Que Que has constraints in fulfilling orders, wherein 2019 the fulfillment of orders has not reached 100%, namely only 99.17%. One of the causes of not achieving the fulfillment of the order is due to not achieving the suitability of product quality standards in production which is only 98% for Coconut milk custard with sticky rice/ketan srikaya products.

Based on these problems, the owner of Rumah Que Que wants to improve it so that the competitiveness of Rumah Que Que can increase. Moreover, business competition, especially in the field of SME food is very tight, especially products marketed as cake and pastries-based products. The results of observations found several products that are already commonly known by the public including the following: Lapis Bogor Sangkuriang, Lapis Arasari, Lapis Kujang, Lapis Golden France, Lapis Aida, Lapis Tokyo, Rafles, Tallubi Bika Bogor, Bolu Kukus Siliwangi, Bolu Bakar Bogor, Bogor Raincake, Superkue, Rumah Talas, Lapis Nangka Rafita’s Cake, Mr Brownco, etc. The survey results also show that at present, a product that is better known to the audience as a typical souvenir of the City of Bogor is Lapis Bogor Sangkuriang.

Barney (2007) revealed that competitive advantage is a condition in which a company can create more economic value compared to its competitors while the simply economic value is the difference between the benefits perceived by customers who buy products or services. To produce competitive SMEs according to Russell and Millar (2014) there are five competitive priority strategies, namely Cost, Quality, Flexibility, Delivery, and Innovation.
Delmayuni (2017) mentions several factors that influence the development of SMEs, namely: government policies, marketing, technology, income per capita, capital, access to financial institutions or capital, information systems, business location, gender, age of entrepreneurs, and management capabilities. According to Polman (2000), the potential for developing SMEs in the framework of empowerment is characterized by the nature and form of SMEs themselves, namely: (1) based on local resources, to be able to make full use of the potential and strengthen independence; (2) owned and implemented by local communities, to be able to develop human resources; (3) applying local technology, so that it can be implemented and developed by local personnel; and (4) is spread in large numbers, so it is an effective means of equitable development.

Hubeis et al. (2015), states that the strategy to enhance competitive SMEs is carried out by: (1) increasing cooperation to maintain continuity of the availability of raw materials between regions; (2) developing an industrial area for SMEs products; (3) increasing the role of private government and universities/research and development. With so many and varied SMEs in Food in Indonesia, the strategies used are not the same in every SMEs.

Thus, it is important to formulate a strategy to develop SMEs, especially Rumah Que Que to increase competitiveness. This paper aims to analyze the internal and external factors of Rumah Que Que and formulate a strategy for developing Rumah Que Que to improve competitiveness.

RESEARCH METHODS
The study was conducted at the Rumah Que Que which is one of the SMEs in Bogor City with a descriptive analysis method. The data used in the form of primary data and secondary data obtained through literature review, observation, and interviews. Interviews were conducted with owners of Rumah Que Que and Bogor City Cooperative and SME Office Staff. The research framework can be seen in Figure 3.
RESULT AND DISCUSSION

Profile of Rumah Que Que

*Rumah Que Que* carries out activities in the form of producing, distributing, and marketing and accepting orders for cakes, pastries, and bread. Even though RQQ is a SMEs, but RQQ already has a vision and mission of the company which is as follows:

**The vision of Rumah Que Que**

Becoming the largest, best-selling, and well-known cake shop and producer in Bogor in particular, in Indonesia and foreign countries that are able and always provide the best service and quality products.

**The Mission of Rumah Que Que**

Providing delicious, healthy, hygienic, halal, and beautiful cakes to consumers.

*Rumah Que Que* also has several legalities including the following:
1. Home Industry Food Certificate (PIRT)
2. Halal Certificate
3. Domicile Business Certificate (SKDU)
4. Intellectual Property Rights (IPR) is in the process of filing

The scope of business of *Rumah Que Que* is the production of various kinds of pastries, traditional
cakes, and birthday cakes. Besides, RQQ accepts orders for both cookies and cookies in the form of snack boxes or solid cake and tray cakes for various events. Currently, Rumah Que Que is assisted by seven employees, five in the production section, one person guards the shop, and one person in the distribution section. Rumah Que Que's employees are dominated by female workers. Where there is only one worker who is male, namely the distribution/shipment. In terms of education, the majority of employees are educated at the level of high school/vocational high school. There is only one employee with junior high school education. While based on the length of work, the majority of employees work over four years, there is only one person namely the customer service department who has only worked for two years.

Rumah Que Que has two main business processes, namely: (1) producing cakes for sale through its shop and consignment shop; (2) accept cake orders by the wishes of consumers. Figure 4 shows the production process that occurred at the Rumah Que Que. One of the critical points of the production process is the preparation of raw materials and processes. In both stages, quality control is needed. Quality control at the raw material preparation stage is one of them by checking pandan leaves and suji leaves. Suji leaf and pandanus determine the product results, namely in terms of taste. If suji leaves or pandanus are used poorly, the product will smell unpleasant. Examples of products made can be seen in Figure 5.

Figure 4. Production Process Flow of Rumah Que Que
Source: Results of Interview with Rumah Que Que Owner, 2019
Supply Chain of *Rumah Que Que* can be seen in Figure 6. Members of the *Rumah Que Que*’s supply chain are primary members. Primary members are members of the supply chain that are directly related to business processes. Broadly speaking there are four main members in the *Rumah Que Que* supply chain as follows:

1. **The raw material provider (supplier)**
   RQQ has several suppliers including suppliers of sticky rice, eggs, coconut, and pineapple. Other cake ingredients are purchased at Yoek’s cake ingredients shop located at Jalan Gedung sawah 1 No. 7 Bogor City. The procedure for procuring raw materials for RQQ is a Purchasing Order (PO) system for materials such as eggs, pineapple, sticky rice, and coconut, while for other materials the system uses the purchase directly to the store following the needs of the material to be used.

2. **Rumah Que Que (Company)**
   RQQ must produce cakes both wet cakes and pastries according to the production schedule and orders. Cakes that are made are then packaged under predetermined packaging. Ketan srikaya products are packaged in two sizes namely small and large sizes using cardboard packaging. Other products such as tacookies are packaged in jars. In addition to production and packaging activities, one of the important activities carried out is quality control. Quality control is carried out by RQQ on ingredients coming from suppliers and on finished products before packaging. One of the critical points in quality control of RQQ products is the raw material of suji leaves. If using suji leaves that are not quality can affect the taste and aroma of the product. Also, quality control needs to be done during the production process, especially when baking. An important aspect that must be maintained by RQQ is the halalness of the product. RQQ believes that all materials used are halal and safe. One of them is by using

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**Figure 5. Ketan SrikayaVariant Flavor Products**  
*Source: RQQ Documentation, 2019*
machines and equipment specifically for production and not storing ingredients that are not clear yet halal. After the product is completely packaged, the product is ready to be marketed.

3. Marketers
RQQ has three marketing channels. The first products are sold directly through the store itself or through exhibitions which are followed by RQQ. Second, RQQ cooperates with souvenir shops and other stores with a cooperation system. Currently, there are ten (10) stores that work together with RQQ to market their products. Finally, RQQ sells its products through marketplaces such as Tokopedia, Shopee, and Blibli.

4. Consumers
RQQ consumers mostly end customers both individuals and institutions. Individual consumers usually buy for their consumption, while institutional consumers usually buy through the order system. In addition to individual consumers, RQQ also has industrial consumers such as hotels and restaurants.

**Internal Environment Analysis Rumah Que Que**
Based on the results of interviews and observations of the *Rumah Que Que*, strengths have 4 factors while weaknesses consist of 6 factors. The factors of strength and weakness are as follows:
A. Strength

✓ The product already has a halal certificate.

Almost all products of Rumah Que Que already have halal certificates. RQQ employees and owners guarantee that products sold are halal and do not contain harmful ingredients. The existence of the halal label serves to convince consumers of the products produced and has its appeal, especially Muslim customers so that it will be able to increase product competitiveness and added value.

✓ Good customer relations

Rumah Que Que has a good relationship with customers. One way is to provide discounts when making purchases in large quantities.

✓ There are quite a lot of product variants

Rumah Que Que in addition to producing ketan srikaya, also produces other cakes including puff bars, snacks, frozen rissoles, pineapple pudding, and taro pineapple tart.

✓ Enough marketing network (10 consignment shops)

In addition to selling directly, Rumah Que Que already cooperates with other shops including venus bread and Tallubi.

B. Weaknesses

The results of the interview with the owner of Rumah Que Que obtained his weaknesses as follows:

✓ The shelf life of the product ketan srikaya is very short

One of the problems faced by Rumah Que Que is the short shelf life of the product for ketan srikaya, which is a maximum of 2 days at room temperature. The short shelf life of the product causes unsold products to be damaged.

✓ The product price for Coconut milk custard with sticky rice/ketan srikaya of durian is too expensive

Table 1. Shows a comparison of the prices of ketan srikaya products. The high selling price of ketan srikaya durian products due to expensive raw materials, namely fresh durian.

<table>
<thead>
<tr>
<th>Number</th>
<th>Name of Product</th>
<th>Price (IDR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Coconut Milk Custard with Sticky Rice/Ketan Srikaya of Pandanus</td>
<td>38.000</td>
</tr>
<tr>
<td>2</td>
<td>Coconut Milk Custard with Sticky Rice/Ketan Srikaya of Cinnamon</td>
<td>38.000</td>
</tr>
<tr>
<td>3</td>
<td>Coconut Milk Custard with Sticky Rice/Ketan Srikaya of Durian</td>
<td>65.000</td>
</tr>
</tbody>
</table>

Source: Results of Interview with Rumah Que Que Owner, 2019

✓ Administrative management is not good

One of the weaknesses of Rumah Que Que is that the administration records are not neat and
still manual, making it difficult to control performance periodically. This happened because there were no human resources who could handle financial and administrative problems.

- Worker consistency in applying training results is still lacking
  According to Ortega et al. (2016), knowledge in the scope of HR can be divided into two parts, namely internal knowledge obtained from experience and external knowledge obtained from outside parties and the environment involved in SMEs. *Rumah Que Que* has conducted several pieces of training including training on the application of personal hygiene organized by the IPB Vocational School. The obstacle faced is that employees have not been consistent in implementing the results of the training.

- Promotions that are still less effective
  Promotion is an activity that provides information or reminds consumers about a particular product, or brand (Madura, 2001). Promotion is one of the determinants of the product can be accepted by consumers or not, if the promotion does not reach consumers, the products sold cannot last long in the market. One of the promotions used is activities such as bazaars and exhibitions. Besides, RQQ also utilizes social media as a promotional tool. Social media used are Instagram and Facebook. It's just that until now it has not significantly influenced product sales.

- Lack of capital
  SMEs have some weaknesses, including access to capital. Most SMEs including the *Rumah Que Que* use private capital.

**External Environment Analysis Rumah Que Que**

External factor analysis consists of opportunity and threat factors. The opportunity factor owned by *Rumah Que Que* consists of five factors and the threat factor faced by *Rumah Que Que* consists of two factors. The opportunity and threat factors are as follows:

A. Opportunities

- The Bogor City of Bogor as a satellite of the capital so many people visit (Potential tourism)
  Bogor City is one of the capital buffer regions. On the other hand, there are also national universities in Bogor (IPB), where some students come from outside the area. This makes Bogor an opportunity as a tourist destination that needs to be supported by typical souvenirs of Bogor

- The development of online marketing (marketplace and social media)
  Currently, RQQ is also opening marketing opportunities through marketplaces such as shopee, tokopedia, and Blibli. Besides, RQQ has also begun to utilize social media such as Facebook and Instagram as promotional media.

- Government policy support for SMEs
  The City Government of Bogor provides enormous support for SMEs to be able to compete in the international market. Forms of support provided by the government include facilities in
making SME licensing in the form of PIRT and halal certificates, training in the process of making packaging, technology training to expand the development of the SME market and the existence of a bazaar. This support is one of the opportunities that can be obtained by SMEs that have been registered or not yet in the government.

☑️ There are universities based on food processing and halal food

One of the universities in Bogor is IPB University. IPB has a Halal Science Study Center which is present as a trusted reference institution in scientific-based studies on the status of halal ingredients or products according to Islamic law. There is also the University of Djuanda which has a faculty of halal food science. The existence of Higher Education is expected to help in developing the competitiveness of the City of Bogor SMEs.

☑️ Support the policy of the central government in the development of halal tourism where one of the supports is the availability of halal food and drinks.

Currently, halal tourism has begun to develop, even the Government through the Ministry of Tourism and Creative Economy is preparing a Halal Tourism Development Master Plan. This has the potential to increase the competitiveness of SMEs

B. Threats

☑️ Tight competition for souvenir-based products in the city of Bogor, especially those using taro commodities

The results of observations of competitors Rumah Que Que are as follows: Lapis Bogor Sangkuriang, Lapis Arasari, Lapis Kujang, Lapis Golden France, Lapis Aida, Lapis Tokyo, Rafles, Tallubi Bika Bogor, Bolu Kukus Siliwangi, Bolu Bakar Bogor, Bogor Raincake, Superkue, Rumah Talas, Lapis Nangka Rafita’s Cake, Mr Brownco, etc. The survey results also show that at present, a product that is better known to the audience as a typical souvenir of the City of Bogor is Lapis Bogor Sangkuriang. Observation results indicate that most of the products use taro flour as a reason to highlight the uniqueness of Bogor City. Rumah Que Que has an advantage where the products made are not all based on taro. Even for the flagship product namely coconut milk custard with sticky rice/ketan srikaya, only one SMEs competitor. However, if Rumah Que Que wants to be branding as souvenirs from the City of Bogor, the main competitor is the Lapis Bogor product, which is led by Lapis Bogor Sangkuriang. Meanwhile, the results of interviews with Rumah Que Que voters The main competitor in the typical souvenir business of the City of Bogor is Lapis Bogor Sangkuriang. According to the owner of the RQQ, Lapis Bogor Sangkuriang is said to be a competitor because it is strong in terms of capital, an extensive marketing network, and its production is already manufacturer.

☑️ Changes to the halal certification procedure make it difficult for SMEs to hamper the halal certification process

Many business practitioners complained about the cost of certification which is still considered expensive and limited time so they do not have time to take care of halal certification,
especially in the food industry. This is also consistent with the results of the interview of the owner of Rumah Que Que that one of the obstacles of SMEs is the difficulty of doing halal re-certification.

Matrix SWOT Rumah Que Que
The formulation of strategy Rumah Que Que can be seen in Table 2. Table 2 Formulation of strategies with a SWOT matrix consists of four combinations of factors, which consist of Strength-Opportunity (SO) strategy, Strength-Threat (ST) strategy, Weakness-Opportunity (WO) Strategy, and Weakness-Threat Strategy (WT).

Table 2. Formulation of strategies with a SWOT matrix

<table>
<thead>
<tr>
<th>Internal Factor</th>
<th>Strenght (S)</th>
<th>Weakness (W)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a. The product already has a halal certificate.</td>
<td>a. The shelf life of the product ketan srikaya is very short</td>
</tr>
<tr>
<td></td>
<td>b. Good customer relations</td>
<td>b. The product price for ketan srikaya durian is too expensive</td>
</tr>
<tr>
<td></td>
<td>c. There are quite a lot of product variants</td>
<td>c. Administrative management is not good</td>
</tr>
<tr>
<td></td>
<td>d. Enough marketing network (10 consignment shops)</td>
<td>d. Worker consistency in applying training results is still lacking</td>
</tr>
<tr>
<td></td>
<td></td>
<td>e. Promotions that are still less effective</td>
</tr>
<tr>
<td></td>
<td></td>
<td>f. Lack of capital</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>External Factor</th>
<th>Opportunity (O)</th>
<th>SO</th>
<th>WO</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a. The Bogor City of Bogor as a satellite of the capital so many people visit (Potential tourism)</td>
<td>a. Use modern technology to increase production and improve the shelf life of products</td>
<td>a. Hold management training for workers</td>
</tr>
<tr>
<td></td>
<td>b. The development of online marketing (marketplace and social media)</td>
<td>b. Maintaining product quality</td>
<td>b. Collaboration with the government and universities to develop SMEs</td>
</tr>
<tr>
<td></td>
<td>c. Government policy support for SMEs</td>
<td>c. Establish cooperation with related stakeholders such as universities, local governments, and the central government</td>
<td>c. Strict supervision of workers so that workers can be consistent in applying the results of training (by making rewards and punishment)</td>
</tr>
<tr>
<td></td>
<td>d. There are universities based on food processing and halal food</td>
<td></td>
<td>d. Optimize promotion through marketplaces and social media by appointing a specific admin who manages the official account of the store (can temporarily blend</td>
</tr>
</tbody>
</table>
Threat (T)
a. Tight competition for souvenir-based products in the city of Bogor, especially those using taro commodities
b. Changes to the halal certification procedure make it difficult for SMEs to hamper the halal certification process

ST
a. Product innovations such as adding flavor variants to ketan srikaya, for example, jackfruit flavor.
b. Assistance and socialization from related parties regarding halal certification

WT
a. Increase capital
b. Increase promotion
c. Add marketing channels

Source: Results of Interview with Rumah Que Que Owner, 2019

The Role of Related Stakeholders in Improving SMEs Competitiveness

Figure 7 shows the role of each stakeholder in realizing competitive SMEs especially Rumah Que Que. Based on the picture the stakeholders that play a role are as follows:

1. Government
The government acts as a mediator, facilitator, and regulator. One thing that can be done by the government is to create a conducive business climate, especially for SMEs. The related policy which is an opportunity for SMEs is the development of halal tourism. Indonesian Ulema Council (MUI) has made guidelines for the implementation of tourism based on sharia principles in the form of Indonesian Ulema Council (MUI) fatwa. Based on the MUI DSN Fatwa Number 108 / DSN-MUI / X / 2016, one indicator of halal tourism is having halal food and drink services. This is an opportunity for SMEs, especially Rumah Que Que in developing and expanding markets. Likewise, with the Ministry of Tourism and Creative Economy has drawn up a Strategic Plan for the Development of Halal Tourism in 2019-2024. National Development Planning Agency (2018) in the Sharia Economic Masterplan in the quick wins of the halal tourism cluster stated that currently there is no supreme legal master concerning halal tourism but for the legal umbrella, the local government can make regional regulations on halal tourism and ratify it with representatives of the local people.

2. Business actors
The role of business actors is to produce quality products that meet the quality standards and food safety as well as halal so that customer satisfaction can be met.

3. Society
The community plays a role in the consumption of SME products and can provide input to businesses related to the expected products.
4. Research institutions / universities
The role of universities/research institutions is to disseminate the results of research and appropriate technology so that businesses can improve the quality of their products and processes.

5. Financial institutions
One of the obstacles of SMEs is capital. Financial institutions can play a role in facilitating transactions and capital.

6. Product certification body
To maintain product consistency, the products produced need to be certified, especially halal certification. At present, the institutions that play a role are the Halal Product Guarantee Agency, the Indonesian Ulema Council, and Halal Inspector Institutions such as LSP LPPOM MUI.

CONCLUSION
The conclusions that can be drawn from the study are as follows:
- Internal factor analysis for Rumah Que Que consists of four strength factors and six weakness factors.

Figure 7. The Role of Related Stakeholders in Improving SMEs Competitiveness
External factor analysis Rumah Que Que consists of five opportunity factors and two threat factors.

Based on the SWOT matrix, there are twelve strategy choices, divided into four groups with details: three-choice SO strategy, four-choice WO strategy, two choice ST strategy, and three choice WT strategy.

To realize the competitiveness of SMEs, especially the Rumah Que Que, the roles of all stakeholders including the government, business actors, community, financial institutions, research institutions/universities, and Product Certification Institutions are needed.

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