

SMALL AND MEDIUM ENTERPRISE DEVELOPMENT STRATEGY: SWOT-BALANCED SCORECARD PERSPECTIVE

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Abstract

This study aims to find out what strategy should be used by UKM Rai SJ Leather by using SWOT analysis, where the Balanced Scorecard is used as the basis for strategy formulation. Informants were selected based on the consideration that the person was considered to know the most about various information related to the company's operational strategy. In this study, the authors use primary data and secondary data. The research method used is a qualitative method. Data collection techniques using library research, interviews, and internet studies. The data analysis technique was carried out by means of data reduction, data presentation, and verification. The results showed that after weighting using the IFAS matrix with a value of 1.95 and the EFAS matrix with a value of -0.5, the Rai SJ Leather SME is located in quadrant two. The strategy that must be used in quadrant two is concentric diversification by utilizing strengths to overcome various threats. The strategy from the growth and learning perspective is that SMEs must recruit human resources who have knowledge and abilities in the field of technology and quality control; in the internal business process perspective, the strategy that must be carried out is to make new innovations, the strategy from the customer perspective is to increase the brand to be recognized more widely, the strategy on a financial perspective is to increase revenue.

Keywords : *Balanced Scorecard, Business Strategy, SWOT Analysis.*

1. INTRODUCTION

Currently, various countries are facing an endemic that has a negative impact on several sectors, one of which is the economic sector. According to Bartik *et al.* (2020), the Endemic has caused major economic shocks, especially for small businesses, which has made it difficult for SMEs to develop their businesses. Based on a report from the Organization for Economic Cooperation and Development (OECD), it affects the economy from the supply and demand side (OECD, 2020). On the supply side, companies are reducing the supply of raw materials, labor, and supply chains are also experiencing problems. From the demand side, the lack of demand decreased consumer confidence in a product.

Social restriction regulations issued by the government aim to stop transmission, as written in Government Regulation Number 21 of 2020 concerning Large-Scale Social Restrictions (PSBB), which aim to limit the movement of people and goods and then oblige people to stay at home if there is no urgent need.

This regulation has implications for SMEs, such as a decrease in purchasing power because consumers cannot shop directly, and this results in a decrease in sales. According to Rahman (2020), 37 thousand SMEs in Indonesia experienced a decline in performance in 2020, such as lower sales (56%), lower funding (22%), and lower supply of raw materials (4%).

According to data from the Central Statistics Agency (BPS), there was a change in income according to business scale; around 82.29% UMB and 84.20% MSEs experienced a decrease in income (BPS, 2020). Meanwhile, based on data from the Ministry of Industry shows that there is a growth contraction in the leather industry group; negative growth was recorded at 0.99% in 2019 after experiencing positive growth in 2018. In 2020 there was also a contraction in the growth of the leather industry, leather goods, and footwear, namely minus 19.75%. The well-known SMEs in Garut Regency are leather craftsmen who have been affected by the decline in sales due to limited marketing. One of the SMEs in Sukaregang that was directly affected was Rai SJ Leather. The impact felt on Rai SJ leather during the Endemic was a drastic decline in sales. The factor in the decline in sales was due to a lack of visitors due to social restrictions.

Based on the problems that exist in the field and intense business competition in the current pandemic era, it requires SMEs to develop strategies so that they can remain competitive and improve business performance. Determining a good business strategy will have an impact on achieving superior performance (Mustikowati & Tysari, 2015). Performance is an end result that has been achieved from management activities and assesses the extent to which the company achieved results during a certain period.

The balanced scorecard is a method that can measure performance based on financial and non-financial aspects. Through this method, performance is measured through four perspectives that are interconnected with each other, including a financial perspective, a customer perspective, an internal business process perspective, and a growth and learning perspective.

In addition, in its business activities, an organization or company requires a business plan to deal with threats or take advantage of an existing opportunity. One of the analyzes that can be used to plan a business based on the company's external and internal factors is to use a SWOT analysis. SWOT analysis is useful for companies in preparing work programs so that company goals are more easily achieved (Sari et al., 2021).

Based on the description above, there is a phenomenon in this study, namely the existence of an endemic that makes leather SMEs in Sukaregang, especially Rai SJ Leather, experience a decrease in sales, which also has an impact on income. The purpose of this research is to find out how the performance and strategies that should be used by Rai Sj *Leather* to develop their business.

2. KAJIAN TEORI/LITERATURE REVIEW

Strategic Planning

In the strategic planning process, management will determine organizational goals and determine the main strategy to achieve a certain goal. Strategic planning is an organizational management activity that is used to set priorities, focus energy and resources, strengthen operations, ensure that employees and other stakeholders are working towards achieving common goals, and realize achievement sustainable performance (Nurrohmat & Lestari, 2021). Meanwhile, strategic management is a series of ongoing activities and procedures that are used to manage and align resources and actions systematically with organizational goals, vision, and strategy (Feriya, 2020).

Management Accounting

Based on the users of the company's financial statements, management accounting is an accounting system whose users of information are internal parties of the company's organization, such as production managers, financial managers, marketing managers, and so on. (Rudianto, 2012), with integrated financial information and non-financial information (Zyznarska-Dworczak, 2018). Management accounting is used as a tool for management decision-making (Pedroso et al., 2020) and controlling activities to achieve superior competitiveness and achieve objective performance sustainably (Laguecir et al., 2020).

Micro, Small, and Medium Enterprises (SMEs)

SMEs have an important and strategic role in the development economy (Suartha et al., 2021) and are one of the business groups in Indonesia, which has the largest number and can survive the problems of the economic crisis (Wibowo, 2017). According to Law No. 20 of 2008, Chapter 1 Article 1 concerning Micro, Small, and Medium Enterprises are:

1. Micro Enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for Micro Enterprises as regulated in this Law.
2. Small Business is a productive economic business that stands alone, which is carried out by individuals or business entities that are not subsidiaries or not branch companies that are owned, controlled, or become part either directly or indirectly of Medium or Large Businesses that fulfill the criteria for Small Enterprises as referred to in this Law.

Medium Enterprises are productive economic enterprises that stand alone, carried out by individuals or business entities that are not subsidiaries or branches of companies that are owned, controlled, or become a part either directly or indirectly with Small Businesses or Large Businesses with total assets net or annual sales proceeds as stipulated in this Law.

Balanced Scorecard

The balanced scorecard is one of the most important and used management tools as a tool for evaluating performance (Costa et al., 2019), determines the strategic direction of the organization and measures the level of performance progress to achieve goals (Alobaidy, 2019), which is measured by paying attention to financial and non-financial aspects, between short and long term and involving internal and external factors.

The balanced scorecard becomes an integral part of the management process, which can motivate improvements in important areas such as products, production processes, customer satisfaction, and market development (Rangkuti, 2014).

Performance Measurement Perspective in Balanced Scorecard

There are four measures used in the SWOT balanced scorecard based on four perspectives, including:

1. Financial perspective (Bach et al., 2023) From a financial perspective related to income and expenses in a business, companies must be able to manage their finances properly to remain stable, including controlling various costs related to the process of producing goods to income from sales activities. In this perspective, there are three benchmarks, namely growth from the addition of business processes, reducing assets in the best direction, and maximizing investment strategies, as well as controlling costs and increasing productivity. According to Kaplan in Wibowo (2017), from a financial perspective, there are three stages of industrial development, namely growth, sustainability, and harvest. Performance from a financial perspective is measured using *Return On Investment (ROI)*, *Net Profit Margin (NPM)*, and *Total Assets Turn Over (TATO)*;
2. Customer perspective (Bach et al., 2023). From this perspective, management must be able to identify customers and market segments. From this perspective point of view, it is focused on an organization or company providing services to customers in order to achieve targets easily, which consists of various main measures of the company's success.
3. Internal business process perspective. This perspective includes the goals and measures of the process of making new products and services to meet consumer demand. The internal business process perspective on the balanced scorecard identifies innovations and new processes that must be well mastered to satisfy customers and achieve financial goals. Product innovation, operating processes, and after-sales service are indications that can be used to evaluate the company's internal processes. Achievement of the level of innovation (the emergence of new products), operational activities, improved production activities, as well as service after the sales process these measurements can be seen from this perspective.
4. Growth and learning perspective. Human resources, systems, and procedures are the main sources of learning and progress in this approach. Companies must develop their management competencies by conducting training, upgrading technology systems, and improving information systems to meet financial, customer, and internal business process objectives. Wibowo (2017) states that it is very important for business organizations to pay attention to employees, provide welfare, and pay attention to knowledge so that performance can increase.

SWOT Analysis

SWOT analysis is used to determine the best strategy for a company or organization based on the current state of the environment by making a comparison between external factors, such as opportunities and threats, with internal factors, such as strengths and weaknesses of the company. According to Rangkuti (2014), SWOT analysis is a way to systematically identify various factors to formulate a strategy within a company.

This analysis is carried out based on logic that can maximize the strengths and opportunities; on the other hand, it can also minimize the weaknesses and threats that occur in the company.

Performance

Performance is a measurement activity that is applied to activities in various values in the company, accompanied by abilities, skills, and skills in finished work (Wibowo, 2017). Performance can be achieved by a person or organization according to authority and responsibility in the framework to reach an objective organization (Hernawati *et al.*, 2019).

Framework

In this study, the process of strategic mapping went through three stages, namely the data collection stage, the analysis stage, and the decision-making stage. First, do a performance analysis using the balanced scorecard to find out the position of SMEs so it can be used to measure the right strategy for SME use. The data collection stage is carried out by evaluating internal and external factors. Based on the SWOT analysis, each balanced scorecard perspective is classified through strengths, weaknesses, opportunities, and threats. At this stage, data collection is done by conducting interviews with SME owners. After the SWOT indicators have been found from the results of the interviews, the next step is to do the weighting and rating using the IFAS strategy matrix and the EFAS strategy matrix. Then based on the results of these calculations, the position of UMKM will be located between certain quadrants using the SWOT diagram. There are four quadrants in the SWOT diagram, each of which can describe the company's position. After collecting all the information that affects the continuity of SMEs, the next step is to utilize all this information in the SWOT matrix; using this matrix can clearly describe how the opportunities and threats faced by the company can be adjusted to the strengths and weaknesses it has so that this matrix can produce four sets of possible alternative strategies. Based on the strategy that has been chosen, then in this study, the authors place each strategy into the four perspectives of the balanced scorecard, which will eventually be made into a strategy map.

3. RESEARCH METHODS

Data Source

The research method used in this research is descriptive qualitative research; the type of data used is secondary and primary data. Secondary data by looking at previous journals, books, and articles to support this research as well as document companies, while the primary data by conducting direct interviews with informants and resource persons.

Informant Selection Procedure

In this study, informants were selected based on the consideration that the person was considered to know the most about various information related to internal strategy implementation operational company about production, finance as well marketing. In this study, the selected informant was the owner of UKM Leather Rai SJ Leather, head of operations, head of finance, head of marketing, and marketing staff, who knew the information needed in this research. As for the sources in this research, practitioner entrepreneurship has been engaged in the field for more than five years culinary.

Data Collection Techniques

Data collection was carried out with the studies library, which includes collecting, processing, and concluding data in order to find answers to the problems faced through library research. The internet study was conducted to obtain additional references related to the problem under study. The references in question are those that contain information that can be used as additional data, such as through news published through websites or journals related to this research.

Data Analysis Technique

There are three activities in this data analysis;

1. First, data reduction is done by summarizing, grouping, and focusing on things that are important and in accordance with research criteria from previously found data to test confidence in the outcome data study triangulation source, transferability test, dependability test, and confirmability test. Meanwhile, data that is not needed can be separated so that it is not mixed.

2. The second performs the presentation of data; the presentation of data is done in the form of brief descriptions, charts, and relationships between categories.
3. The next step is to draw conclusions and verify.

4. RESULT AND DISCUSSION

Problems Faced by UMKM Rai Sj Leather

Table 1
Problems Faced By Umkm Rai Sj Leather.

Interview result	Before the Pandemic	During a Pandemic	<i>New Normal</i>
Sale	Generate a lot of sales, especially on weekends. Then sales are completely offline; customers come directly to the place to make purchases	sales have decreased greatly to the point where there are no sales, and sales are still not fully online because, in the online shop, there are still many imitation leather goods that make it difficult for customers to distinguish from genuine leather, this is related to the brand of Rai SJ Leather which is still not widely recognized by the public. As for customers who already have confidence in the product when buying offline and want to order again online	Sales are starting to pick up again. Then sales are entirely online; customers are fully transferred to the online shop
Marketing	do it offline, namely giving a business card	Start doing online marketing through social media.	Maximizing online marketing, such as creating advertisements through social media
Finance	stable income from group sales from outside the city of Garut	Revenue decreased dramatically because there were no sales due to the implementation of social restrictions. Meanwhile, the leather market segmentation was outside Garut, while customers from out of town could not come to sales locations in Garut. Then there are fixed costs that must be incurred.	Revenue began to increase from sales made through the online shop.

Source: Processed Data, 2023

Table 1 describes the sales, marketing and financial conditions faced by Rai Sj Leather. It shows that there are several problems that make Rai Sj Leather's business quite difficult, especially during a pandemic. However, these problems gradually improved when Rai SJ Leather faced the new normal era.

Balanced Scorecard

At this stage, the first measurement of SME performance is measured based on the Balanced Scorecard using four perspectives consisting of a financial perspective, customer perspective, and internal business process perspective to find out the condition of Rai SJ Leather.

1. From a financial perspective, the results of interviews related to a financial perspective, namely that Rai SJ Leather, before the pandemic, received a gross income of 50 million every month. Then during an endemic period, their income decreased by 90%, with an income of 8 million per month. Apart from that, Rai S_j Leather has also experienced no income at all for a month due to the pandemic. The lack of visitors prevented customers from coming to Garut to buy leather products from Rai SJ Leather, so it can be said that from a financial perspective, Rai SJ experienced a decrease in income due to an endemic.
2. Customer Perspective, Rai SJ Leather does not yet have a brand that can be recognized by the wider community. This is because of the intense competition in the leather sector in Sukaregang. Even though it has regular customers, the majority of people who come to Sukaregang to buy leather products, the Rai SJ Leather brand is still not a brand that is specifically sought after by potential buyers.

In an effort to expand the market at the time before the pandemic, to promote their products, namely still offline, by giving business cards to customers who had bought and put up banners.

During the operation of Rai S_j Leather in the leather sector, there have never been any complaints from customers regarding the products sold because Rai S_j really maintains the quality of the leather so that it is not easily damaged. That way, customers are satisfied with the products being sold; this can be seen from the presence of customers who have purchased and then made repeated purchases at Rai S_j Leather.

3. From an internal business process perspective, researchers conducted interviews with SME owners; the result is that many competitors in the same field make the products produced by Rai S_j Leather SMEs imitated by other SMEs when Rai SJ Leather's goods sell well in the market, SMEs automatically Others will not be able to copy the item for long. Then in terms of the operational process at Rai SJ Leather, there is still a lack of supervision of goods that have been finished in production, such as there are still defective goods during the sales process to customers.

Rai SJ Leather provides after-sales service as an action to provide additional benefits to customers and to build loyalty between customers and sellers. The services provided are the replacement of zippers for various products (bags, jackets) for a lifetime.

4. Growth and learning perspective, researchers conducted interviews with SME owners, and the result is that Human Resources (HR) owners at Rai SJ Leather have a Masters's degree. Then the wife of the owner and manager of Rai SJ Leather also has an undergraduate education. That way, the quality of human resources from Rai S_j Leather is above average compared to other SMEs that only continue the business of their families. Then in running an online business at Rai SJ, there are still difficulties, namely a shortage of employees to become admins as managers of buying and selling through various applications. In addition, there is still a shortage of human resources in the field of checking the quality of goods ready for sale.

Study in line with what was done Lestyarindi & Hidayat, (2018) which uses 4 perspectives: (1) finance; financial perspective with regard to income and expenses on a business (Bach et al., 2023) , which can improved with income from other variables (Suwarno & Pramono, 2020) apart from jackets, (2) perspective customer: as mentioned Lestyarindi & Hidayat, (2018) strategies used to improve amount customer is with increase satisfaction, loyalty customer, then Suwarno & Pramono, (2020) mention that the company should too do affirmation branding image, expand the market that has not reachable, then (3) internal business process strategy; with many competitors in the same field needed increasing marketing programs that are more creative and develop motives (Suwarno & Pramono, 2020) or more innovative models , owners also need do supervision at the time of production, while (4) the strategy of perspective growth and learning: enterprise need increase employee skills and improve employee job satisfaction (Damara, 2018) so that employees understand and understand more job desk and to minimize happening error. Then with enhancement skills, employees can too be placed to become an online application admin.

Formulation of SME Strategy

SWOT analysis

After knowing the SME's position in measurement performance, the next step taken by the researchers was to identify the SWOT factors by conducting interviews with the owner of Rai SJ Leather.

Table 2
SWOT Factors for UMKM Rai SJ Leather

SWOT Factors for Rai SJ Leather	
Strength	
<ol style="list-style-type: none"> 1. Pay attention to product design 2. Quality of Human Resources (HR)/level of education of SME owners 3. After-sales service for customer satisfaction 4. Quality of self-processed leather 5. Have regular customers 	
Weaknesses	
<ol style="list-style-type: none"> 1. Brand products that are not widely known 2. Lack of employees to run a business online 3. <i>Quality Control</i> 4. The financial recording system is still manual 	
Opportunity	
<ol style="list-style-type: none"> 1. Advances in technology 2. Become a government partner 3. Consumer confidence in products produced by SMEs 	
Threats	
<ol style="list-style-type: none"> 1. Tight competitors compete in the same field 2. The government is still unable to supply raw materials for leather SMEs 3. Competitor's technology is more advanced 4. Artificial material is not genuine leather 	

Source: Processed Data, 2023

IFAS Matrix

Table 3
IFAS Matrix (Internal Factors Analysis Strategy)

No	SME strength factor	Weight	Ratings	Mark (weight x rating)
1	Product design	0.15	4	0.6
2	Quality of Human Resources (HR)/level of education of SME owners	0.20	3	0.6
3	After-sales service for consumer satisfaction	0.10	4	0.8
4	The quality of the leather that is processed by itself	0.15	3	0.45
5	Have regular customers	0.10	2	0.2
Total power		0.70		2.65

	SMEs Weakness Factors	Weight	Ratings	Mark (Weight x rating)
6	Little-known product <i>brand</i>	0.15	1	0.15
7	Lack of admins in running an online business	0.05	4	0.2
8	<i>Quality Control</i>	0.05	4	0.2

9	The financial recording system is still manual	0.05	3	0.15
Total weakness		0.30		0.70
Total strengths and weaknesses		1		3.35

Source: Processed Data, 2023

EFAS Matrix

Table 4
EFAS Matrix (External Factors Analysis Strategy)

No	SME opportunity factor	Weight	Ratings	Mark (weight x rating)
1	Technology advances	0.15	3	0.45
2	Become a government partner	0.10	3	0.30
3	Consumer confidence in products produced by SMEs	0.15	3	0.45
Total odds		0.40		1,2

No	SME threat factor	Weight	Ratings	Mark (Weight x rating)
4	Tight competitors compete in the same field	0.20	3	0.60
5	The government still cannot supply leather raw materials	0.20	3	0.60
6	Competitor technology is more advanced	0.10	2	0.20
7	Artificial material is not genuine leather	0.10	3	0.30
Total threat		0.60		1,7
Total opportunities and threats		1		2,9

Source: Processed Data, 2023

Swot chart

- Coordinate internal analysis = total value of strengths - total value of weaknesses
Internal analysis coordinates = $2.65 - 0.70 = 1.95$
- Coordinate external analysis = total opportunity value – total threat value
External analysis coordinates = $1.2 - 1.7 = -0.5$

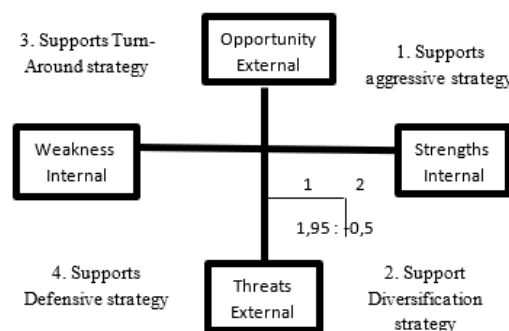


Figure 1 . Rai SJ Leather SME SWOT Diagram
Source: Processed Data, 2023

Swot Matrix

INTERNAL	STRENGTHS – S 1. Pay attention to product design 2. Quality of human resources/level of education of SME owners 3. After-sales service 4. The quality of the leather that is processed by itself 5. Have regular customers	WEAKNESS – W 1. Brand products that are not widely known 2. Lack of employees in running an online business 3. <i>quality control</i> 4. The financial recording system is still manual
EKSTERNAL	SO STRATEGY 1. Utilizing technological developments to add new consumers by opening stores digitally. 2. Increase knowledge about digital business to get new opportunities in selling online. 3. Maintain consumer trust by maintaining the quality of the products and services provided	WO STRATEGY 1. Utilizing online media to carry out promotions so that the brand is more widely known 2. Add human resources to become admins in running a business online 3. Pay attention to <i>quality control</i> so as not to reduce consumer confidence in product quality
THREATS – T 1. Tight competitors compete in the same field 2. The government is still unable to supply raw materials for leather SMEs 3. Competitor technology is more advanced 4. Artificial material is not genuine leather	STRATEGY ST 1. Increase competitiveness 2. Establish cooperation with other SMEs in the utilization of production technology. 3. Continue to maintain the quality of the ingredients of the product so that it can excel in competition. 4. Make design changes or introduce new products (innovation)	STRATEGY WT 1. Evaluate and improve the internal side of SMEs.

Figure 2. Leather UMKM SWOT Matrix

Source: Processed Data, 2023

The strategy used by Rai S J Leather

Based on the results of calculating scores and weights through SWOT, the position of UMKM Rai SJ Leather is in quadrant two, meaning that the strategy that is suitable for use is concentric diversification. The aim of this concentric diversification is to increase sales and revenue by adding new products and services and entering new market segments. The selection of this concentric diversification strategy was carried out so that UMKM Rai SJ Leather could excel in business competition in the leather sector.

Strategy Mapping

1. From a financial perspective, the measurements used in this financial perspective are *Net Profit Margin* (NPM), which is net profit divided by net sales and expressed as a percentage. From the results of research on UMKM Rai SJ Leather, the profit margin generated for 2018 – 2020 is as follows:

Table 5

Year	Net profit (IDR)	Sale (IDR)	Profit Magin
2018	268,395,000	328,585,000	81.68%
2019	220,980,000	235,450,000	93.85%
2020	(14,085,000)	5,605,000	-

Source: Processed Data, 2023

Based on the table above, it is known that the 2018 profit margin was 81.68%; in 2019, 93.85%, whereas in 2020, there was a loss of IDR 14,085,000.

2. From a customer perspective, UMKM Rai SJ Leather does not yet have a brand that can be recognized by the wider community because so far, Rai SJ Leather has not maximized its online promotions such as using social media, E-Commerce for social media used, such as WhatsApp business and Instagram. As for the E-Commerce used, namely Shopee, Tokopedia. According to the results of sales interviews through E-Commerce, they have not sold much, the reason being that the price of leather products is high enough to make people who want to buy worry about these products because there are many fake leather products in the online shop. In addition, Rai SJ also carried out promotions by working together through the YouTube channel for 99% of my efforts, but these efforts still had no effect on sales during the pandemic.
3. Internal business process perspective. The concentric diversification strategy is closely related to this perspective in terms of innovation to increase operating profits. According to interview results, competition in Sukaregang is very tight; this can be seen from the products that are currently being sold by Rai SJ, making the products produced by Rai SJ quickly imitated by other SMEs. What distinguishes Rai Sj's products from other SMEs is in terms of the quality of the leather; even though the shape of the product can be imitated, in terms of the quality of the ingredients, it is different from other SME products. Then in terms of the operational process, Rai SJ has never had customers complaining about the goods that have been purchased from the results of interviews; Rai SJ has not checked the finished products and is ready for sale, so the products from Rai SJ Leather still have defective products, such as stitches. Off and not pasted.
4. Growth and learning perspective. The main source of growth and learning is humans. To achieve the three previous perspectives, namely a financial perspective, a customer perspective, and an internal business process perspective, SMEs must pay attention to the capabilities and knowledge in terms of their human resources. UMKM Rai SJ Leather, in terms of human resources, namely the owner and manager, are above average compared to other UMKMs; this can be seen from the educational level of the Rai SJ owner, who has a Masters level of education then the wife of the owner as a manager has a Bachelors education level, which when compared to Other SMEs on average only continue the business of their families. Then in running his business, Rai SJ still lacks human resources for the *online shop admin* and *quality control department*. Research results are in line with research conducted by Sarfin *et al.* (2020), which shows the SWOT position is in quadrant two, so it uses diversification for the strategy used.

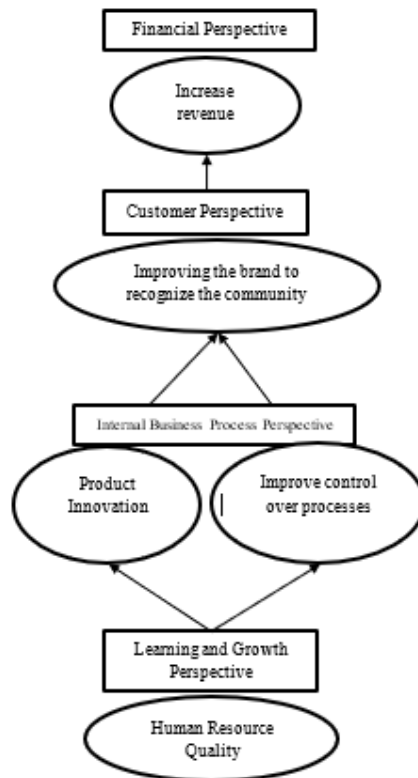


Figure 3. Strategy Map
Source: Processed Data, 2023

5. CONCLUSION

Based on the results of the research from the discussion that has been carried out, it is concluded that performance measurement is obtained from 4 (four) perspectives of the balanced scorecard. From a financial perspective, it is measured using the Net Profit Margin; the result is that Rai SJ suffered a loss in 2020; from the customer perspective, Rai SJ carries out promotions through social media and E-Commerce (Whatsapp business, Instagram, Shopee, Tokopedia) the result is that sales are still not optimal, not the same as in the time before the pandemic. From the perspective of internal business processes, there are many competitors who imitate products from Rai SJ, but Rai SJ has a difference in the quality of the leather it processes. From a growth and learning perspective in terms of human resources, the owner and manager of Rai SJ Leather are above average compared to other SMEs; then Rai SJ Leather still lacks human resources to be placed in admin and *quality control positions*.

Based on calculations from the IFAS Matrix and EFAS Matrix in the SWOT analysis, Rai SJ Leather's position was found in quadrant 2 (two), namely the ST (*strengths-threats*) strategy, so that the strategy that can be used as a concentric diversification strategy.

Suggestion

Suggestions from researchers that can be submitted to Rai SJ Leather SMEs are that in their efforts for Rai SJ Leather SMEs so far to produce goods specifically for women only, based on the previously selected strategy that is in accordance with the position of SMEs, namely the concentric diversification strategy, it is better for Rai Sj Leather to add production of goods which can be used for men or add leather products that can be used by various groups and create innovations to create new values for these products, this is related to entering new market segments.

Then from a customer perspective, Rai SJ Leather should add promotions through other social media, as currently, it is currently busy, namely selling through Tiktok by conducting a review by broadcasting live to attract buyers. From the perspective of internal business processes, even though Rai SJ has good product quality, it still needs to be considered regarding product appearance so as not to reduce the value of the Rai SJ

Leather brand from a growth and learning perspective by adding human resources in the admin and quality control sections.

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