Strategic Decision Making Based on Information Systems for Improving the Competitiveness of Small and Medium Enterprises in the Trade Sector of the City Tourism and Trade

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ABSTRACT

The main shortcomings of micro, small and medium enterprises in Indonesia are located into its traditional management system coupled with lack of utilization of information and technology. Economic and trading growth in Surabaya, Malang and Batu are higher compared to national economic and trading growth. Information and technology are essential factor in improving strategic competitiveness of grocery since it can be used to seek information about customer to gain their trust and satisfaction. The present study shows that strategic competitiveness of grocery in Surabaya and Malang is based on service and product quality. Meanwhile, strategic competitiveness in Batu is based on pricing of the product. Utilization of information and technology in making strategic competitiveness decision obtain the same result as conventional statistics analysis.

Keywords: Small and Micro Enterprises, Competitiveness, Strategic, Business Decision, Information System

INTRODUCTION

Precise decision making for developing business in information and technology era nowadays is highly demanded. Delay in making decision stimulates loss of business opportunity coupled with hamper the growth of business to become stagnant or even failed. Economic growth of Indonesia in 2015 was around 4, 79% in which it decreased compared to 2014 which around 5, 02%. Economic growth of East Java province in 2015 was around 5, 44% or slowed down around 0, 42 point compared to 2014 which was around 5, 86%. Commerce industry in Indonesia within 5 years is experiencing steady growth around 13, 24%. Steady growth of commerce industry for East Java province in 2015 was exceeding the national growth which was around 17, 29%. Surabaya as the capital of East Java holds around 18, 56% within commerce industry mainly micro enterprises since it has around 1.538 micro enterprises that hold micro trading business permits and 4.062 small enterprises that hold small trading business permits [3]. Economic growth of Malang in 2015 was around 5, 61%. It is influenced by strategic location of Malang which is located nearby Batu as one of the national tourism destination in East Java. The economic growth of Malang can be seen from its Gross Domestic Regional Product (restaurant, hotel and commerce) was around 37, 67% in 2015. Batu is tourism city which possesses commerce growth around 6, 44% from 116 enterprises that hold micro trading business permits and around 23 enterprises that hold small trading business permits [3]. Batu city gave 41 tourism objects which are 14 natural tourism objects, 19 artificial tourism objects, 10 cultural objects which dispersed in 3 districts. The total number of tourists who came to Batu city around 2,089,022 visitors therefore the existence of groceries needs to be located nearby tourism objects in Batu to achieve customer satisfaction [10]. Information concerning product discount and special offer are needed by customer in order to gain customer trust and satisfaction [15]. This condition demands technology and information to maintain and improve competitiveness strategy since technology and information are able to provide quick access for customer in getting information about the product. Based on interview with the vice minister of commerce Mr. Bayu Krisnamurthi in August 2014, there are around 75.000 small and medium enterprises who are using internet in conducting their business (detik, 2014). Therefore it can be assumed that small and medium enterprises nowadays are utilizing information and technology as the marketing media in improving their business.

technology [7],[8]. Moreover, user behavior can be used to see user willingness coupled with adaptability to adopt information and technology in order to enhance competitiveness of the company. Commonly, managerial system of grocery possesses traditional behavior in conducting business therefore adoption of information and technology for grocery can be seen as solution to make and plan strategic decision. In order to attract grocery owner in using information and technology, simple design computer application will be suitable to be used by grocery in developing their business. Therefore, in order to make quick decision, we need computer to accelerate drafting proses in making business strategic plan.

Table 3. Analysis of Internal and External Environmental variable grocery store in Surabaya, Batu and Malang (mean)

City	Internal			External		
	Product Price	Consumer number	Production Cost/bulan	Competitor number	Competit or Price	Distance location of competitor
Surabaya	Market Price	55	6.000.000	8	Market Price	157
Batu	higher Market Price	34	4.220.000	3	higher	227 meter
Malang	higher Market Price	38	5.241.000	7	higher	275 meter

Based on the analysis crosstab that the selling price and customers have shown a significant relationship with a significance value of $0.012 > 0.05$, meaning at the level of 95% selling price have a real relationship with the number of subscribers. Multivariate analysis can be concluded that on the whole the independent variables suspected to affect the price competitiveness of the grocery store, there is one subvariable (operating costs) are most influential on the price competitiveness of the grocery store with p value $0,000 < 0,05$. a grocery store in Surabaya actually have lower operating costs, but because of their efforts the average loan to third party, the burden of interest costs were high enough to make their operating costs equal as its competitors.

DISCUSSION

Strategic location of grocery store can be regarded as attractive factor in developing commerce business mainly for start-up and home-based business. Therefore, grocery store located nearby tourism area should be able to increase competitiveness advantage for sustaining and improving business. Utilization of information and technology are new gateway to create cost efficiency. Dimitrios Buhalis stated that information and technology are able to transform the strategic position of organizations by altering their efficiency, differentiation, operational cost and response time. In particular, information and technology stimulate radical changes in operation and distribution of the tourism industry.

Figure 1. Utilization of information and technology to depict grocery store Competitiveness in Surabaya city
source: Information System of Groceries Strategic Competitiveness in Surabaya available at <http://118.97.247.164/fuzzy/>

A grocery store in Surabaya should be able to keep its customers not to move to a competitor by creating a familial relationship with its customers. The use of IT will be able to manage and keep customers trust.

Figur.2 Utilization of information and technology to depict grocery store Competitiveness in Malang city:
source: Information System of Groceries Strategic Competitiveness in Malang available at
<http://118.97.247.164/fuzzy/>

Strategic location of grocery stores in Malang should be able to keep its customers not to move to competitors therefore grocery stores need to manage stock and variation of products according to customers needed.

Figur. 3 Utilization of information and technology to depict grocery store Competitiveness in Batu city
Source: Information System of Groceries Strategic Competitiveness in Batu available at
<http://118.97.247.164/fuzzy/>

Grocery stores in Batu are still relatively moderate since it is located nearby the area of tourism therefore those stores must be able to maintain stability of price competitiveness by reducing production cost by not selling products that are not popular within customers. The distance of grocery stores that are bit far from the tourism center and the presence of mini market as competitor urge grocery stores to be more creative in creating excellence service and price. Utilization of information and technology greatly assist the grocery stores in reducing marketing costs and increasing competitiveness price.

CONCLUSION

Utilization of information and technology are effective and efficient in making proper decisions to improve the competitiveness of grocery stores in Surabaya (commerce and industrial city), Malang and Batu (tourism city). The development of information and technology systems that support the competitiveness of grocery stores are necessary to maintain and improve business growth of grocery

store in industrial and tourism areas. The main shortcomings for grocery stores in utilizing information and technology to make strategic decision related to the competitiveness strategy toward competitors are the high production cost of information and technology coupled with maintenance of data server.

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