

## Strategy Development as A Driver of Business Sustainability Based on Swot Analysis From The Perspective of Islamic Economics in The MSME Sector

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### Abstract

**Keywords:** SWOT Analysis, Business Existence, Islamic Economic Principles.

*The micro, small and medium enterprise (MSME) sector is considered as the main driver of economic growth and as a temporary place for workers who have not been absorbed in the formal sector. In maintaining the existence of a business, it is necessary to conduct a study of the strengths, weaknesses, opportunities, and threats that occur when the business is carried out. SWOT analysis is basically a technique for systematically identifying various factors and determining elements of the development of an institution. This study uses a qualitative approach that focuses on literature studies, where researchers do not conduct field research and rely on data sources from literature. This study takes sources from articles, books, magazines, the articles we take are articles related to the research theme for at least the last 5 years. After the SWOT analysis is carried out, strategies can be developed by utilizing the SWOT matrix, which consists of four types of strategies: SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats). SWOT analysis compares external factors of opportunities and threats with internal factors of strengths and weaknesses. Structured external and internal testing is something unique in planning and development. SWOT analysis is carried out using the results of identifying internal and external conditions of an institution or company. These results are identifications from the internal and external sides, so it is necessary to prepare a strategy presented in the form of a matrix with four strategy options. Along with the development of the era, SWOT analysis is not only used in the industrial world, companies or an organization. However, it can also be used as self-control in order to make a person better. Therefore, this study will discuss the use of SWOT analysis to control daily life from an Islamic economic perspective. So that a plan for an institution or organization will emerge that is in accordance with the standards of Islamic economic principles.*

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## INTRODUCTION

The micro, small and medium enterprise (MSME) sector is considered the main driver of economic growth and as a temporary place for workers who have not been absorbed in the formal sector. Therefore, MSMEs are one of the business sectors that can develop consistently in the country's economy (Safitri et al., 2024). Economic growth can be seen from several factors, namely from economic development in each region, nation and country. Currently, Indonesia is

experiencing a situation and condition where the population of productive age is increasing, if this is not balanced with positive activities or mindsets such as starting to think creatively to create a business field, so that people in this country do not experience a downturn in fate because more and more productive ages are not working or increasing unemployment rates, this is very negative and affects the economic sector, such as the narrowness of employment opportunities if you do not create your own business and the unemployment rate will continue to increase (Luthfiyah et al., 2021). Therefore, people are required to create their own jobs even though the scope is small or can be called Micro, Small and Medium Enterprises (MSMEs) (Ashif, 2021).

To maintain the sustainability of the company's business, company leaders are always required to think strategically about the position and competitive capabilities of their company and the influence of external environmental developments on their company (Iqbal Kamaluddin, 2020). In a business, a company needs a strong strategy to face competitors. Many strategies include; Business Strategy, HR Strategy, Marketing Strategy, and Operational Strategy. The role of Human Resources (HR) is an important component in a company (Fitri Anggreani, 2021).

In maintaining the existence of a business, it is necessary to conduct a study of the strengths, weaknesses, opportunities, and threats that occur when the business is carried out. SWOT analysis is basically a technique for systematically identifying various factors and determining elements in the development of an institution (Fadilah & Weriantoni, 2019; Ambarwati, 2020; Fakhurrizi, 2021; Sasoko & Mahrudi, 2023). This analysis places the situation and conditions as input factors, then grouped according to their respective contributions. This analysis can logically assist in the decision-making process so that it can be used as an effective tool for analyzing the factors that influence the company, as a decision-making process to determine strategy (M Yasfin Aqil, 2024).

## **METHODS**

This study uses a qualitative approach that focuses on literature studies, where researchers do not conduct field research and rely on data sources from literature (Wahyudin Darmalaksana, 2020). This study takes sources from articles, books, magazines, the articles we take are articles related to the research theme for at least the last 5 years (Kamila et al., 2024).

The data taken from this study comes from secondary data. Secondary data sources are data sources that come from writings that are closely related to the discussion of this study, either in the form of books, modules, magazines, articles, and others related to competitive strategies and SWOT analysis consisting of strengths, weaknesses, opportunities and threats. The data collection technique for this study uses observation, interviews and documentation (Primadona & Rafiqi, 2019).

## RESULTS AND DISCUSSION

### A. SWOT Analysis Concept

SWOT analysis is the systematic identification of various factors to formulate a company's strategy. This analysis is based on logic that can maximize strengths and opportunities, but at the same time can minimize weaknesses and threats (Muchlis, 2018). SWOT analysis, as explained by Setiadi and Sutanto (2021) is a process in which the management team identifies internal and external factors that have the potential to affect the company's future performance. This process provides a useful overview for companies or organizations in evaluating their conditions and situations, and classifying these factors as strengths, weaknesses, opportunities, or threats (Zianah Safitri et al., 2024). SWOT analysis is considered the most basic method of analysis to describe a company. Every organization or company has strengths and weaknesses in the functional areas of the business. Using SWOT analysis can be a material for making strategic planning and achieving company goals more systematically (Marpaung et al., 2022).

One form of environmental analysis that is commonly done is SWOT analysis. According to Nazarudin (2020), SWOT analysis is a strategic planning method used to evaluate factors that influence the achievement of goals, both in the short and long term. The instruments used in SWOT analysis include:

#### 1. Strength

It is an analysis of the elements of strength owned by the company. For example, analyzing what advantages the company has such as in terms of technology, quality of production results, strategic location, or other elements of strength that emphasize the company's advantages. Usually in a SWOT analysis, companies tend to make as many lists of strengths as possible as an effort to compete in attracting customers or clients in order to increase profits.

#### 2. Weakness

In addition to looking at the company's strengths, it is also very important to know what weaknesses the company has. To find out the company's weaknesses, you can compare them with competitors, such as what other companies have but your company does not. If you want to make a list of company weaknesses more objectively, you can use consumer testimonials, who generally know more about what a company lacks.

#### 3. Opportunity

The element of opportunity is usually created at the beginning of building a business. This is because a business is formed based on opportunities or chances to make a profit. Some situations

and conditions that are often used as opportunities for the superiority of an organization or company include; The existence of a market tendency that is interested in a particular product, the identification of a product that has not received attention from the market, changes in trading conditions with other competitors, and good relations with consumers.

#### **4. Threat**

Analysis of threat elements is very important because it determines whether a business can survive or not in the future. Some things that are included in threat elements include the number of competitors, availability of resources, time period, consumer interest and so on. Making a list of company threats can be for the short term or long term and can be increased or decreased at any time. list anything that allows a business to survive and be accepted in society, both in the long term and the short term.

#### **B. SWOT Matrix**

After the SWOT analysis is conducted, strategies can be developed by utilizing the SWOT matrix, which consists of four types of strategies: SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats). This is a means to develop a business with four types of strategies, namely (Umar, 2020):

- SO strategy is a strategy that utilizes existing expertise and internal efforts to take advantage of external opportunities.
- WO strategy, namely a strategy that aims to overcome internal deficiencies in the organization by utilizing external opportunities, so that these deficiencies can be corrected.
- ST strategy is said to be a strategy that provides reference to internal strength while using various ways to avoid threats coming from outside.
- WT strategy, which is a defensive strategy, aims to provide handling of internal deficiencies and avoid external threats.

The advantages of SWOT analysis, as explained by Fatimah (2020), include:

1. Can get a comprehensive picture of the strengths, opportunities, weaknesses and threats currently being faced in an organization or company.
2. Can get guidance and recommendations to be able to utilize internal strengths and external opportunities, while overcoming weaknesses and avoiding threats.

#### **C. SWOT Quadrant Matrix**

SWOT analysis compares external factors of opportunities and threats with internal factors of strengths and weaknesses. Structured external and internal testing is something unique in planning and development. Some SWOT quadrants consist of the following:

Quadrant I: This is a very profitable situation, the company has opportunities and strengths so that it can take advantage of existing opportunities. The strategy that must be implemented in this condition is to support an aggressive growth policy (Growth oriented strategy).

Quadrant 2: Despite facing various threats, this company still has strength from internal strategies. The strategy that must be implemented is to use strength to take advantage of long-term opportunities through diversification strategies (products/markets).

Quadrant 3: The company faces a very large market opportunity, but on the other hand, it faces several internal constraints or weaknesses. The business conditions in quadrant 3 are similar to the question mark in the BCG matrix. The focus of this company's strategy is to minimize the company's internal problems so that it can seize better market opportunities.

Quadrant 4: This is a very unfavorable situation, the company faces various internal threats and weaknesses.

The purpose of implementing SWOT analysis in an organization or company is to provide insight and direction so that the company is more focused and can make the right decisions from various perspectives (Putri, 2021). SWOT analysis is carried out using the results of identifying the internal and external conditions of an institution or company. These results are identifications from the internal and external sides, so it is necessary to prepare a strategy presented in the form of a matrix with four strategy options (Sammut-Bonnici and Galea 2015).

#### **D. SWOT Analysis in Islamic Perspective**

As time goes by, SWOT analysis is not only used in the industrial world, companies or organizations. However, it can also be used as self-control in order to make a person better. Therefore, this study will discuss the use of SWOT analysis to control daily life in the perspective of Islamic economics. So that a plan for an institution or organization will emerge that is in accordance with the standards of Islamic economic principles.

This is in accordance with Allah's command in the Koran, surah al-Anfal verse 60

وَأَعِدُّوا لَهُمْ مَا اسْتَطَعْتُمْ مِنْ قُوَّةٍ وَمِنْ رِبَاطِ الْخَيْلِ تُرْهَبُونَ بِهِ عَدُوَّ اللَّهِ  
وَعَدُوَّكُمْ وَآخَرِينَ مِنْ دُونِهِمْ لَا تَعْلَمُونَهُمُ اللَّهُ يَعْلَمُهُمْ ۚ وَمَا تُنْفِقُوا مِنْ شَيْءٍ فِي  
سَبِيلِ اللَّهِ يُوَفَّ إِلَيْكُمْ وَأَنْتُمْ لَا تُظْلَمُونَ ﴿٦٠﴾

The translation: "And prepare to face them whatever strength you can and from horses tethered for battle (with that preparation) you will frighten the enemies of Allah and your enemies and people other than them whom you do not know; while Allah knows. Whatever you spend in the way of Allah will surely be adequately repaid to you and you will not be wronged (harmed)." (QS. Al-Anfal [8]: 60)

Life in this world is very short. Therefore, it must be prepared very carefully so that there will be no regrets later. We have found many people who have failed to plan a life plan. When they were young, they ignored their future. Did not worship and work hard. As a result, until their old age they still have to work day and night and when they are squeezed by economic chaos they will feel frustrated and not a few run to things that are prohibited by religion. Even worse, they will commit suicide (Asnil Aida Ritonga, 2021). By maximizing existing opportunities. Among them by working and worshipping well, having savings for old age, having health insurance or even being able to invest in property or money. So that in living life will be lived well. When they are old they will not feel restless and anxious. This effort is of course still based on Allah SWT. (Kaslam, 2021).

In addition to paying attention to the elements of strength within ourselves and the organization, we must also always be aware of the weaknesses that exist within ourselves and the organization that we have. As in the word of Allah in Surah Ar-Rum verse 54, namely:

اللَّهُ الَّذِي خَلَقَكُمْ مِنْ ضَعْفٍ ثُمَّ جَعَلَ مِنْ بَعْدِ ضَعْفٍ قُوَّةً ثُمَّ جَعَلَ مِنْ  
بَعْدِ قُوَّةٍ ضَعْفًا وَشَيْبَةً يَخْلُقُ مَا يَشَاءُ وَهُوَ الْعَلِيمُ الْقَدِيرُ ﴿٥٤﴾

Translation: "Allah, He is the One who created you from a weak state, then He made (you) after that weak state become strong, then He made (you) after being strong weak (again) and gray. He creates what He wills and He is the All-Knowing, the All-Powerful." (QS. Al-Ruum [30]: 54)

In Jalalain it is explained that humans were created by God in a weak state. Then it makes humans strong. Namely, at first humans were babies who were unable to do anything without the help of their parents, then they grew up and slowly became independent humans. As time passes,

humans again become weak because they are old and become senile. This is in accordance with the will of Allah SWT. He arranges His servants according to His will.

In addition to the elements of strength and weakness found in the internal factors of a person or organization, the Qur'an also explains external factors such as opportunities and threats that can occur to a person or organization or more broadly, namely to a company. There are several verses of the Qur'an that make us always enthusiastic about seeking opportunities or chances to get the pleasure of Allah. As contained in the Al-Maidah verse 35, namely:

يَا أَيُّهَا الَّذِينَ آمَنُوا اتَّقُوا اللَّهَ وَابْتَغُوا إِلَيْهِ الْوَسِيلَةَ وَجَاهِدُوا فِي سَبِيلِهِ لَعَلَّكُمْ تُفْلِحُونَ ﴿٣٥﴾

The translation: "O you who believe, fear Allah, look for wasilah (a way to get closer) to Him, and strive (struggle) in His path so that you will be successful." (Al-Mā'idah [5]:35).

Therefore, a good human being is a human being who is able to take advantage of all the opportunities that exist in his life. Both opportunities for life in this world, as well as opportunities for life in the afterlife. They do not give up easily and try as hard as possible to utilize their abilities even though the opportunities they get are very small.

In addition to opportunities, there are also threats to all of us as human beings both in daily life and in organizational life and in the corporate sphere there are threats that Allah warns about when everything that is done is contrary to Allah's rules. This is explained in several chapters in the Qur'an, including in the chapter Al-Maidah verse 98:

Translation: "Know that Allah is severe in punishment and that Allah is Oft-Forgiving, Most

إِعْلَمُوا أَنَّ اللَّهَ شَدِيدُ الْعِقَابِ وَأَنَّ اللَّهَ غَفُورٌ رَحِيمٌ ﴿٩٨﴾

Merciful." (QS. Al-Mā'idah [5]:98)

Allah reaffirms that He always knows what people do openly and secretly, including the movements of their hearts. This is a stern warning from Allah to those who do not obey His rules and laws. Therefore, it is fitting for people to fear Him and not violate His commands.

## CONCLUSION

Basically, SWOT analysis is intended to help business people better understand the real problems. However, it turns out that this concept can not only help business success but also make it easier to find it. With the right business actor management concept in its application, it will provide two benefits at once. As time goes by, SWOT analysis is not only used in the industrial world, companies or organizations. However, it can also be used as self-control in order to make

a person better. Therefore, this study will discuss the use of SWOT analysis to control daily life from an Islamic economic perspective. So that a plan for an institution or organization will emerge that is in accordance with the standards of Islamic economic principles. After the SWOT analysis is carried out, a strategy can be developed by utilizing the SWOT matrix, which consists of four types of strategies: SO (Strengths-Opportunities), WO (Weaknesses-Opportunities), ST (Strengths-Threats), and WT (Weaknesses-Threats).

SWOT analysis compares external factors of opportunities and threats with internal factors of strengths and weaknesses. Structured external and internal testing is something unique in planning and development. SWOT analysis is conducted using the results of identifying internal and external conditions of an institution or company. These results are identifications from the internal and external sides, so it is necessary to prepare a strategy presented in the form of a matrix with four strategy options. Such crucial things are important points in developing the business sector. Business people must be able to distinguish between important things such as strengths, threats, obstacles, and threats as explained in the SWOT analysis. This study examines the distribution of research related to SWOT analysis by providing several descriptive analyses related to the literature on SWOT analysis, such as qualitative, multilevel, and perspective analysis.

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