

FEASIBILITY ANALYSIS OF PECEL PINCUK GARAHAH RICE TAVERNS RICE TAVERN & DEVELOPMENT STRATEGY

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ABSTRACT

Jember District is one district that helped the development of existing SMEs region. One of these SMEs are Pecel Pincuk Garahan Rice Taverns in the village Garahan, District Silo, Jember. Small and Medium Enterprises (SMEs) have a crucial role in the Indonesian economy. Because with these SMEs, unemployed as a result of the labor force which is not absorbed in the world of work is reduced. SME sector has been promoted and used as the main agenda of economic development of Indonesia. SMEs goal of this research is to contribute to the government so that SMEs can develop their business, as well as introduce SMEs to the public in an effort that has the best role in improving the economy of Indonesia, especially in Jember. This study examines the feasibility analysis Pecel Pincuk Garahan Rice Taverns and development strategy. Assessment feasibility of using the Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI), and Payback Period (PP). while the business development strategy used is the Strategic Business Unit (SBU) and the Generic Strategy. This research results concluded that only SMEs Pecel Pincuk Garahan Rice Taverns with high scale that deserves to be developed.

Keywords: SMEs, Feasibility Studies, Strategy Development

INTRODUCTION

SME sector has been promoted and used as the main agenda of economic development of Indonesia. SMEs in developing countries, such as in Indonesia, often associated with problems - economic and social problems in the country such as high levels of poverty, the magnitude of unemployment, unequal distribution of income, the uneven development between urban and rural areas, as well as the problems of urbanization. The development of SMEs is expected to provide a significant positive contribution to the efforts to deal with the problem - the problem mentioned above. Micro, small and medium enterprises (SMEs) play a vital role in development and economic growth, not only in developing countries but also in developed countries. It is widely recognized that SMEs are very important because they are the main characteristics that distinguish them from large businesses, mainly because SMEs are labor intensive efforts, there

are at all locations, especially in rural areas, more dependent on local raw materials, and the main provider goods and services the basic needs of low-income or poor (Tambunan: 2012). Pecel Pincuk Garahan Rice Taverns effort is very helpful income of economic Garahan people in the Garahan Village at Jember District. Because of the presence of the efforts to reduce unemployment and create jobs for those who need them, especially the mothers who usually just stay at home, by selling Pecel Pincuk Rice can increase their activities and generate additional revenue and help their husband. In addition, Pecel Pincuk Garahan Rice Taverns is expected to be one of the culinary icon in Jember District favored by most people.

LITERATURE REVIEW

Understanding MSMEs (Micro, Small and Medium Enterprises)

According Hubeis (2009), SMEs are defined by a variety of different ways depending on the country and other aspects. Therefore, it is necessary to review specific to these definitions in order to obtain an appropriate understanding of SMEs, which embraces quantitative measures appropriate to the economic progress. In Indonesia, there are many different definitions of SMEs based on the interests of the institution which gave a definition.

- a. The Central Statistics Agency (BPS): SMEs are companies or industries with workers between 5-19 people.
- b. Bank Indonesia (BI): SMEs are companies or industries with characteristics such as: (a) The capital of less than Rp. 20 million; (B) for one round from his business only needs Rp 5 juts; (C) has a maximum assets of USD 600 million, excluding land and buildings; and (d) \leq annual turnover of USD 1 billion.
- c. Department (now the Minister of State) Cooperatives and Small and Medium Enterprises (Act No. 9 of 1995): SMEs are the economic activities of small-scale folk and traditional, with a net worth Rp 50 million - Rp. 200 million (excluding land and buildings) and \leq annual turnover of USD 1 billion; SMEs in Law / 2008, with a net worth of USD 50 million - USD 500 million and annual net sales of USD 300 million - USD 2.5 billion.
- d. Presidential Decree No. 16/1994: SME is a company who has a net worth up to Rp. 400 million.
- e. Ministry of Industry and Trade:
 1. The company has assets of up to Rp 600 million, excluding land and buildings (*Ministry of Industry* before it merged)
 2. The Company has a working capital of less than Rp 25 million (*Ministry of Commerce* before it is merged)

Feasibility studies of SMEs

According Sutrisno (1982; 75) Feasibility Study is a study or assessment of whether a proposed project / business ideas if implemented can run and develop in accordance with its purpose or not. Kashmir and Jakfar (2007: 6) states that a feasibility study was conducted in depth means to determine whether businesses or fields that will be executed will provide greater benefits than the costs incurred.

Factors Feasibility

Some of the factors that determine the feasibility of a business, among others:

- a. Legal Aspects,
- b. Aspects of Markets and Marketing,
- c. Financial Aspects,
- d. Technical Aspects / Operations,
- e. Aspects of Management and Organization,
- f. The Economic Aspects of Social,
- g. The Aspect of the Environmental Impact.

Ibrahim (2009: 7) economic and financial aspects are a core aspect, because this aspect of determining the feasibility in terms of economics and finance. The discussion is conducted in the field of finance regarding the investment costs, working capital, operating and maintenance costs as well as the calculation of the income which may be accepted. Husnan and Suwarsono (1997: 19) argues that the financial aspects of studying various important factors such as:

1. The funds required for investment, for both fixed assets and working capital.
2. Sources of spending that will be used. How many funds in the form of equity and how much in the form of short-term loans, and how the long-term.
3. Estimated income, expenses, and profit / loss on various levels, including here operating break-even estimates of the project.
4. The benefits and costs in financial terms such as "*Rate of Return on Investment*", "*Net Present Value*", "*Internal Rate of Return*", "*Profitability Index*", and "*Payback Period*". Estimates of the project risk, risk in terms of the total, and that perhaps the only systematic. Here, in addition to the appraiser needs to be in profit / loss of the project, as well as the estimated cash flows required to calculate the financial profitability of the project.
5. The financial projections. Making the projected balance sheets and projected sources and uses of funds.

Business Feasibility Assessment Methods

Net Present Value Methods (NPV)

Net Present Value which is the difference between the present value of the investment with the present value of net cash receipts (*Operating Cash Flow and cash Flow Terminal*) future (Umar, 2007). To calculate the present value of the interest rate needs to be determined relevant.

Internal Rate of Return Methods (IRR)

IRR method used to find the interest rate that equates the present value of expected cash flows in the future, or cash receipts with an initial investment expenditure (Umar, 2007).

Profitability Index Methods (PI)

The use method of profitability index (PI) is to enumerate through the comparison between the current value or PV (*Present Value*) of the planned net cash receipts in the future with the present value of the investment that has been carried out (Umar, 2007). So the profitability index can be calculated by comparing the cash in with PV PV cash out.

Metode Payback Period (PP)

Payback period is a period required to close back investment spending (*Initial Cash Investment*) by using cash flow, in other words, the payback period is the ratio between the initial cash investment with its cash inflow result is a unit of time (Umar, 2007). Furthermore, compared with a maximum value of the ratio of acceptable payback period.

Development Strategy

Definition of Development Strategy

The development strategy is the determination of long-term goals and objectives of the company, applied to actions and allocation of resources needed to achieve the goals that have been set (Chandler, 1962: 13). Development Strategy is a pattern goals, objectives, and policies / general plan to achieve its intended purpose, which is expressed by defining what the business is run by the company, or should be run by the company (Andrews, 1971).

Business Development Strategy

Develop a business is the answer to the analysis of a strategic nature to be decided by the top management. Develop business way is various, for example:

- a. Creating a new company, which is known academically as a subsidiary, or academically as SBU (Strategic Business Unit) where the new product will be made under the new company; Just create a new product, but not only by creating a new company.
- b. Grouping corporate strategy can be seen from the level of his duties. The strategies in question are generic strategies (*Generic Strategy*) are translated into the main strategy / master (*Grand Strategy*). After holding strategy is set, then the next will be followed by the determination of strategies at the functional level.

Generic Strategies

Generic strategy is a term of Porter is an approach which means the Company's strategy to outperform competitors in similar industries. According Wheelen and Hunger, in principle generic strategies in the top three (3) kinds:

- 1) Strategy Stability (*Stability*), principally, this strategy is not increasing emphasis on product, market, and functions of the company as being in an effort to improve efficiency in all areas in order to improve performance and profitability. This strategy risk is relatively low and is usually carried out for products that are middle adulthood position.
- 2) The Strategy of expansion (*Expansion*), in principle, this strategy emphasizes on the addition / expansion of products, markets and functions within the company so that the company's activities increased.
- 3) Strategy Shrinkage (*Retrenchment*), is principally intended to reduce or mitigate the resulting product markets as well as functions in companies that have cash-flow negative and this strategy is usually applied to an existing business in the declining stage.

Concept Of Strategy

According Rangkuti (2006: 4), the concepts of strategy there are 2, namely: (1) *Distinctive Competence*, an action taken by the company in order to perform the activities better than competitors. A company that has a power that is not easily replicated by a competitor company is seen as a company that has "*Distinctive Competence*". All forces can be created through the use of all potential resources owned by the company, such as equipment and sophisticated production processes, the use of the network is quite extensive distribution channels, use of sources of raw materials of high quality and positive brand image as well as a computerized reservation system, (2) *Competitive Advantage*, is the choice of strategy of the company to seize market opportunities. Companies can gain a competitive advantage that is higher than that of its competitors if he could provide a cheaper price than the price given by competitors to the value or quality of the same products. Lower selling prices can be achieved by the company because he can take advantage of economies of scale, production efficiency, the use of technology, ease of access to raw materials and so on. The company can also perform a differentiation strategy by creating perceptions of particular value to the consumer. In addition, the focus of the strategy can also be applied to gain a competitive advantage in accordance with the segmentation and target market expected.

Human Resources Development Strategy

According to Andrew E. Sikula in Sedarmayanti, 2007: 164, "Development is a long-term educational process utilizing a systematic and organized procedure by roomates managerial personnel learn conceptual and theoretical knowledge for general purposes" (Development is a long-term educational process utilizes a systematic procedure and organized, where managerial personnel learn the conceptual and theoretical knowledge for general purposes). HR

development is also an effective way to deal with several challenges, including the obsolescence or backwardness employees, diversified domestic and international labor (Rival and Sagala, 2009: 236). Human resource development framework that aims to produce a coherent and comprehensive to develop an environment where employees are encouraged to learn and grow. Human resource development activities including traditional training program, but the emphasis is more on developing intellectual capital and promote organizational learning, team and individual. Focus on creating a learning organization, in which knowledge is managed systematically.

Training & Human Resource Development Methods

There are several methods that can be used in developing the potential of its human resources. In Ardan et al (2012: 93) training methods include:

a. Non-Managerial Employees Training Methods

1. *On the Job Method*

- *On the Job*

- *Appreticeship*

2. *Off the Job Method*

a. Managerial Employees Training Methods

1. *On the Job Method*

- Learn of Experience

- *Coaching*

- *Understudy*

- *Position Rotation/Tour of Duty*

- Special projects and *task force*

- Assignment in the form of committee

- Reading Selective

2. *Off the Job Method*

- Courses

- *Role Playing*

- Simulation

- *Sensivity Training*

- Training

- *Special Meeting*

- *Multiple Management*

RESEARCH METHODS

This research is descriptive quantitative serves to provide an overview of the results of research in the field as well as a description of the results of the analysis of research data generated and discussion of feasibility analysis Pecel Pincuk Garahan Rice Taverns Rice Taverns and development strategy as well as the emphasis on the issues contained in the social life based on the conditions of reality , This study was carried out in the district of Jember, where the object of study activities of small and medium micro enterprises in the district pecel Silo taken Garahan research area in the village. The population used in this study were all taverns Pecel Pincuk Garahan Rice Taverns totaling 31 tavern. While the sampling method used in this study is proportionate stratified random sampling, which is a technique that is used when the population has members / elements that are not homogeneous and stratified proportional (Sugiyono, 2014). Data used in this study are primary data. Primary data is used to analyze the feasibility Pecel Pincuk Garahan Rice Taverns and development strategy. Source of the data obtained was done by field research (*Field Research*).

Results and Discussion

Overview of SMEs point Pecel Garahan

SMEs Pecel Pincuk Garahan Rice Taverns located along the road to the city of Banyuwangi and was established since 2006. The number of Pecel Pincuk Garahan Rice Tavern till now surviving are as many as 31 taverns. Pecel Taverns in Garahan is SMEs engaged in the production of food such as rice pecel as the main menu. Initially, the seller pecel in the village of Jember Garahan is only selling in department Garahan Railway station Banyuwangi-Surabaya and Surabaya-Banyuwangi passing and stopping at stations Garahan. In 2006 when the feast, train-Surabaya and Banyuwangi majors Surabaya-Banyuwangi pausing because locomotives are used for locomotive department borrowed Surabaya-Jakarta because passengers majors Surabaya-Jakarta too much and shortage of locomotives. The incident made the seller pecel Garahan station pincuk in loss of income. To make a living, then most sellers pecel pincuk sell in front of his house with makeshift facilities, it continues to this day.

Feasibility Analysis

Legal Aspects

SMEs Pecel Pincuk Garahan Rice Taverns are individual businesses, which is located in the village of Silo Subdistrict Jember Garahan. Pecel Pincuk Garahan Rice Taverns was all the way to Banyuwangi. SMEs already have permission from the local government so that the business can run smoothly because the business owners also routinely pay taxes.

Market Aspects and Marketing

SMEs Pecel Pincuk Garahan Rice Taverns is one Culinary Icon in Jember, where taverns sell all the main menu is a menu favorite and namely Pecel Pincuk. SMEs Pecel Pincuk Garahan Rice Taverns is always crowded buyers and demand a lot of buyers because it tastes delicious with plenty of choice of side dishes as well as traditional drinks, besides the price is also very affordable.

Financial Aspects

Identification of financial feasibility analysis is used to assess the feasibility of the Pecel Pincuk Garahan Rice Taverns Jember. feasibility criteria used in this article, namely NPV, IRR, PP, and PI. Financial feasibility analysis is done by using the interest rate of 10%. The interest rate of 10% was obtained from the level of the average interest rate on some government banks during the period of 2015. Criteria used for knowing how the business feasibility if the owner of SMEs use the loan capital from state banks. Results of the analysis of financial feasibility SME Pecel Pincuk Garahan Rice Taverns with interest rate of 10%, with the explanation that the resulting NPV values in three different financial scale. Three financial scale, namely, low-scale, medium-scale and high scale. Total working capital at high scale amounts to Rp4.781.240,00 to infinity. While the amount of working capital is a moderate scale Rp3.124.996,00 until Rp4.781.230,00 and the amount of working capital is a low-scale up Rp3.124.995,00 Rp0,00. While the amount of cash flow at high scale amounts to Rp1.312.490,00 to infinity, the number of medium-scale cash flow amounted Rp109.364,00 until Rp1.312.480,00 and the number of low-scale cashflow amounted Rp0,00 until Rp109.365,00. Results of feasibility analysis shows that the NPV at SMEs Pecel Pincuk Garahan Rice Taverns low- intensity amounted -2778322.67. While the NPV at SMEs Pecel Pincuk Garahan Rice Taverns with moderate scale amounted -620845.00. Negative NPV values obtained in SMEs Pecel Pincuk Garahan Rice Taverns low-scale and medium-scale enterprise development plans indicate that the low-scale SMEs is not feasible to continue. In order for SMEs Pecel Pincuk Garahan Rice Taverns survive and thrive, it is necessary to implement a strategy of downsizing (retrenchment). NPV at SMEs Pecel Pincuk Garahan Rice Taverns with high scale amounts to 790690.53 is positive. It means that the present value (present value) of earned income is positive for 4 years at 10% interest rate.

Positive NPV analysis results stated that the SME development plan taverns Pecel Pincuk Garahan Rice Taverns with higher scale is very decent. IRR analysis results on SMEs Pecel Pincuk Garahan Rice Taverns lower scale is -427.15% whereas the IRR on SMEs Pecel Pincuk Garahan Rice Taverns medium scale is 1.86%. From the results it can be seen that the IRR calculation SME development plan Pecel Pincuk Garahan Rice Taverns not meet the financial eligibility criteria. IRR analysis results on SMEs Pecel Pincuk Garahan Rice Taverns with high scale was 15.9%. It means that the results of the IRR greater than the required rate of return, the project is feasible. SMEs PI analysis results taverns Pecel Pincuk Garahan Rice Taverns low-intensity is 0.11, while the SMEs Pecel Pincuk Garahan Rice Taverns medium scale by 0.87%. Based on the criteria, if the value of PI is less than 1 then the project is still not feasible. This means that SMEs Pecel Pincuk Garahan Rice Taverns low-scale and medium-scale is not feasible. IRR for the final results of the analysis on SMEs Pecel Pincuk Garahan Rice Taverns with high scale was 1.12%. This means that the project on SMEs Pecel Pincuk Garahan Rice Taverns with high scale feasible because PI values greater than 1. The results of the analysis of SMEs tavern PP Pecel Pincuk Garahan Rice Taverns jember low-intensity is 28 years, while the PP analysis results Pecel Pincuk Garahan Rice Taverns SMEs with moderate scale is 4 year. It means that SMEs Pecel Pincuk Garahan Rice Taverns on a low scale and the scale was not feasible because of the results of the analysis bigger than the economic life have been determined. PP analysis results Pecel Pincuk Garahan Rice Taverns SMEs tavern at high scale is 3 years. This means that the development of SMEs Pecel Pincuk Garahan Rice Taverns high scale is feasible to do.

Technical Aspects / Operations

Technical aspect is about the choice of location determination and SME, business design, and concepts necessary to attract customers.

Management and Organizational Aspects

Pecel Pincuk Garahan Rice Taverns still be regarded as small and medium enterprises, so that the existing organizational structure in the business is still very modest. Business owners concurrently become a chef and waiters, but it is also managed by the brother of the owner of the business. This is done to minimize the costs to be dikeluarkan each month. But in the holidays, most business owners pecel tavern pincuk recruit 1 or 2 waiters to help only for a few days during the crowded taverns.

Economic Aspects Social

Economic aspects of social influence on the increase in State revenue, ie the payment of taxes. Tax payments of SMEs Pecel Pincuk Garahan Taverns is indeed not directly, but SMEs taverns Pecel Pincuk Garahan Rice Taverns already pays rent to the tenant to be paid to the government, the shop owner usually call it a tax.

Environmental Impact Aspect

SMEs Pecel Pincuk Garahan Rice Taverns very concerned with aspects of environmental impact and on the surrounding environment, particularly in terms of cleanliness. Each finished process owners always throw food waste in place, as well as the visitors of the Pecel Pincuk Garahan Rice Taverns. So the taverns and environmental hygiene is maintained.

CONCLUSION

This study analyzed the feasibility of Pecel Pincuk Garahan Rice Taverns and strategy development. Factors feasibility supported by seven aspects, including the legal aspects, markets and marketing, financial aspects, technical aspects, management and organization, social economic aspects, and aspects of environmental impact. Assessment feasibility of using

the *Net Present Value* (NPV), *Internal Rate of Return* (IRR), *Profitability Index* (PI), and *Payback Period* (PP). while the business development strategy used is the *Strategic Business Unit* (SBU) and the Generic Strategy. Penilitian results concluded that only SMEs taverns Pecel Pincuk Garahan Rice Taverns with high scale that deserves to be developed. The object of research is all the taverns Pecel Pincuk Garahan Rice Taverns totaling 31 taverns. Based on the results and discussion can be concluded that SMEs taverns Pecel Pincuk Garahan Rice Taverns low-scale and medium-scale is not feasible to develop. Thus SMEs Pecel Pincuk Garahan Rice Taverns low- and medium-scale in order to attempt to survive using a strategy of downsizing. Only SMEs Pecel Pincuk Garahan Rice Taverns scalable eligible to be developed

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