

Feasibility Analysis of Small and Medium Enterprises of Shoes and Slippers in Bogor

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Abstract— A feasibility analysis of Small Medium Enterprises (SME) of Shoes and Slippers in Bogor was held to get the depiction of the magnitude of investment and the costs spend for building the effort that gained by SME of Shoes and Slippers Entrepreneurs. The feasibility analysis including financial feasibility that committed to the SME business of shoes and Slippers that already exist was done to get the depiction of the magnitude that incurred and compared to the benefits that have been obtained and the description of cost benefit in the future by using SWOT. SWOT was used to answer the purpose of increasing the business of shoes and slippers in Pasir Eurih, Bogor. Based on the results, financial analysis was expected to be a reference of a SME of Shoes and Slippers in Bogor. The purpose of this study was to determine the feasibility of the SME of Shoes and Slippers in Bogor, also to determine the strategy pursued to develop the business to improve its competitiveness. The result of this research said that this was a proper business.

Keywords—Feasibility Analysis; Financial Feasibility; SWOT Analysis; SMEs

I. INTRODUCTION

Today, the economy of Indonesia shows less beneficial conditions for businesses and businesses doer. The high national inflation rate in the 2005 to 2014 which reached 8% and the issue of fuel price increases has become evidences of their lack country's economy condition. In these poor society conditions when prices needs basic commodities have increased and no longer affordable side by side with their offset by rising incomes.

However the previous experiences shows that SME's survive against waves of national crisis. [1] said wherever areas of people's economy are not just stretched but have been raised. SME is growing everywhere with independent funding or through funds of microfinance such as pawn shops, koperasi or informal institutions of microfinance in rural areas. Therefore, SME's need to be empowered to be able to develop in accordance with the growth needs of their community.

Investment analysis of SME's Shoes and Slippers in Bogor held to get an idea of the magnitude of the investment and the costs to be incurred in building the business and the amount of benefits to be gained by stakeholders of SME's Shoes and Slippers. The feasibility analysis including analysis of financial feasibility is committed to the SME business shoes and slippers that already exist today, to get an idea of the

magnitude of the costs incurred and in comparison to the benefits that have been obtained and the description of a cost benefit in the future. Based on the results of the financial analysis is expected to be a reference to a financial analysis of SME's Shoes and Slippers in Bogor and The Loan Deposit Ratio is a commonly used as variable for assessing a bank or a financial institution's liquidity calculated by dividing the bank's total loans by its total deposits in rupiah and foreign currency. If the ratio is too high, it means that the bank may not have enough liquidity to cover any unforeseen fund requirements, and conversely, if the ratio is too low, the bank may not be earning as much as it could be. Important goal of the equation LDR is to find and assess how far the banks have a healthy condition in carrying out their operations. Previous research [2] found that liquidity bank is determinant essential in a bank loan in Turkey and monetary policy capable to manipulate position of the liquidity. Based on the provisions of Bank Indonesia, the Standard of Bank's Loan Deposit Ratio (LDR) according to Bank Indonesia is between 85% -100% (Bank Indonesia, 2015).

Table 1. Comparison LDR 2011 – 2015

Total Loans	2,117	2,597	3,158	3,526	3,904
Total Deposits	2,688	3,107	3,520	3,944	4,238

The Table 1 above represents the changes of loan deposit ratios since 2011 - 2015, and makes it easier to understand the trends for each bank with respect to its peers. The growth of Loan to Deposit Ratio in Indonesia tend to slow down from 2011 to 2015, for about 14%, which is indicated bigger challenge liquidity funds, and not in line with the growth of deposits which is 37% in five years. It means that people choose to divert their funds in deposits. This makes banking liquidity becomes excessive. The deposits has been collected is greater than the bank loans. This study uses fundamental analysis to examine the financial variables that have a significant influence in predicting loan deposit ratio in the Banking Companies Listed in Indonesia Stock Exchange.

Net loans to total asset ratio NLTA measures the percentage of assets that is tied up in loans. Net loan to total assets ratio (NLTA) is also another important ratio that measures the liquidity condition of the bank. Whereas Loan to Deposits is a ratio in which liquidity of the bank is measured in

terms of its deposits, NLTA measures liquidity of the bank in terms of its total assets. That is, it gauges the percentage of total assets the bank has invested in loans (or financings). The higher the ratio the less the liquidity is of the bank. Similar to LDR, the bank with low NLTA is also considered to be more liquid as compared to the bank with higher NLTA. However, high NLTA is an indication of potentially higher profitability and hence more risk. The higher the ratio, the less liquid the bank is.

In these poor society conditions, when basic commodity need prices have increased and are no longer affordable side by side with their offset by rising incomes. In general, a feasibility business study will be related to three aspects [3]:

1. Economic benefits to the business itself (also called as financial benefits), which means this business will be quite beneficial compared to its risk.
2. Economic benefits for the country where the business run. Social benefits for the people around the business

II. METHOD

This research used descriptive method. The unit of analysis observed was home industry and industry organization, and production costs and financial reports and sales reports from 2011 to 2015. The study was conducted in the area of SMEs Shoes and Slippers in the Desa Pasir Eurih, Tamansari, Bogor. The data collection was analyzed by several methods: Payback Period (PP), Net Present Value (NPV), Internal Rate of Return (IRR), Profitability Index (PI) and Net B / C and Break Even Point (BEP).

Requirement data consisted of primary data and secondary data. Primary data were obtained through questionnaires and were accompanied by using interviews of some subjects of the research. The research object of this study was SME's Shoes and Slippers in Pasir Eurih, so that all of the information obtained from these SME's compressed into this journal.

The analysis technique used in this study were:

- A. Technical Feasibility Analysis techniques, which include:
 - a) Analysis of Raw Materials;
 - b) Analysis of Human Resources;
 - c) Analysis of Road Infrastructure, and Electricity.
- B. Economy and Social Feasibility Analysis, which included:
 - a) Increasing Government Wealthiness
 - b) The Employment Opportunities
 - c) Social
- C. Financial Feasibility, which included:
 - a) Payback Period / Payback Method
 - b) Analysis Techniques NPV
 - c) Internal Rate of Return
 - d) Average Rate of Return
 - e) Profitability Index
- D. SWOT

III. RESULT

3.1 Technical feasibility:

Analysis of raw materials

Based on the interviews, it was found that the supply of goods craftsman shoe comes from a grocery store located around the workshops where craftsmen produce shoes.

Table 2. Analysis of raw material.

Indicators of Rate Raw Material	Value
Quality	3
Accessibility	4
Price	2
Average Value	3

Analysis of human resources

Currently, SME Pasir Eurih has almost 30 craftsmen shoes and slippers and scattered around residential areas of Pasir Eurih.

Table 3. Analysis of human resources.

Indicators of Human Resources Assessment	Value
Educational	3
Skills	4
Purchasing Power	4
Average Value	3,6

Analysis of infrastructure, electricity, etc.

The technical feasibility analysis summary is shown below:

Table 4. Feasibility analysis.

Technical Feasibility Indicator	Value
Raw	3,6
Human Resources	3,6
Infrastructure ,	4
Electricity and Others	

3.2 Economy and Social Feasibility Analysis is shown below:

Table 5. Economy and social feasibility analysis.

Indicators of Economy and Social Feasibility	Value
Increasing Government Wealthiness	4
The Employment Opportunities	4
Social	4

3.3 Analysis techniques of financial feasibility

The Technical Feasibility Analysis and Financial Feasibility summary is shown below:

Table 6. Economy and social feasibility analysis.

Financial Feasibility	Value
Payback Period	5
Net Present Value	5

Internal Rate of Return	5
Average Rate of Return	5
Profitability Index	1

3.4 SWOT

Matrix strategy feasibility analysis of SME Shoes and Slippers based on SWOT analysis.

Table 7. SWOT Analysis.

Factors	Strategy Strength	Strategy weakness
Internal Factors/ External Factors	Strengths (S)	Weaknesses (W)
	Unique and creative products.	Capital limitation.
	Competing Price.	Cooperative society stagnant.
	Production Schedule.	Unordered of Administration and Finance Management.
	Friendly people.	Unordered of inventory management of raw materials.
	Accessibility raw.	Less area and less convenient land work.
		Minimal technology
		Lack of employee.
Opportunities	Strategy SO	Strategy WO
Potential creative cultural Village	There are potentially creative culture villages that desperately need the creativity of local people to sell their region products. Desa Pasir Eurih internally has had a good competence in the production of shoes and Slippers. Besides that, they also have the creativity and production processes that have been operated long enough. Therefore, this potential must be cultivated and	The local government is expected to provide low interest loan facility which aims to strengthen the capital structure of SME's which are underserved by banks and other financial institutions. Thus, the craftsmen can be independent and run a better business decision making. Up to now, business decision still depends on the owners of capital.

enhanced.		
Products are well known	By the existence of Creative Cultural Village can be used as a facility to introduce more products Desa Pasir Eurih shoes and slippers to the wider society. Desa Pasir Eurih already has a market of craftsmen shoes and slippers in Bogor. According to researchers, a greater opportunity should have been open. The next target is to sell shoes and slippers in a better way.	Government aid production technology development by giving aid such as big singer, sewing machine, press machine, emboss machine, zigzag machines, oven machine, kun machine, etc. By utilizing the technology in the production process, is able to improve the competitiveness and quality of goods produced. The use of technology is also able to reach a wider market due to the increasing production capacity. So it can be absorb orders from various parties.
	Government support	
	Strategic Place	
	Potential Product Diversification	
Threats	Strategy ST	Strategy WT
Internal and External Competitors	Government strategy to cope with external competition is to make import restrictions (quotas and rates) and examine the imported products, learn about the production process and external product technology and also trains local residents so that local resident's competence can be increasing.	Local government provide low interest loan facility which aims to strengthen the capital structure of SME's which are underserved by banks and other financial institutions
Threats	Strategy ST	Strategy WT
Sales cycle	Utilization of	Network

	<p>technology for the dissemination of information and media promotion of shoes and slippers in Desa Pasir Eurih. Trend documentation is useful when they have product promotion activities in domestically and abroad.</p>	<p>optimization/ marketing channels. Expand relationship marketing network by cooperating with the Government can help SME's shoes and slippers by facilitating new distribution channels. Utilization of the website or e-mail as a way of promotion and marketing.</p>
Purchasing power	<p>Government facilitates the promotion of products at the deserted time of sale with their exhibitions in Tangerang and Jakarta.</p>	

IV. CONCLUSION

Based on the results of research on performance analysis and business development strategies for craft shoes and slippers in Desa Pasir Eurih, it can be concluded:

1. The assessment results of descriptive analysis through the indicator trend of production, marketing potential, the growth in population and per capita income showed that SME's shoes and slippers Desa Pasir Eurih is feasible. Results of the assessment of technical feasibility analysis through indicators of raw materials, human resources, infrastructure, electricity and other shows that SMEs shoes and Slippers Desa Pasir Eurih feasible. Results of the assessment of financial feasibility analysis through the payback period, net present value, internal rate of return and the average rate of return shows that SME's shoes and slippers Desa Pasir Eurih is also eligible to run. Only votes with profitability index that does not have sufficient evidence to show the feasibility of SME's shoes and slippers in Desa Pasir Eurih.
2. The internal factors of craftsmen SME's shoes and slippers Desa Pasir are their uniqueness and creativity of the product, the competitive price, craftsmen have been able to estimate the production schedule orderly, and the attitude of the Pasir Eurih villagers are friendly. While the weakness was the lack of capital, the business enterprise (koperasi) is stagnant, Unordered of Administration and

Finance Management, Unordered of inventory management of raw materials, Less area and less convenient land work, Minimal technology, lack of employee.

External factors that strengthen of SME's shoes and slippers Desa Pasir Eurih are the potential development of rural tourism and proclaimed as creative cultural village, shoes and slippers are already well known, government support through training adds to the creativity of craftsmen, the strategic place to sell and spirit of creativity of the craftsmen provides the potential product diversification in developing businesses trend of shoes and slippers. The weakness of this business is the limited access to transportation facilities, internal and external competitors, the season, and purchasing power.

3. Based on the SWOT analysis, the strategies that can be executed by the craftsmen in order to develop SME business shoes and slippers in Desa Pasir Eurih is an increasing creativity in making many kind models of shoes and slippers for more diverse forms and styles, network optimization/ marketing channels through the development of cooperation with fellow craftsmen or employers and other marketers, expanding the network relationship marketing, the use of the website or e-mail as a way of promotion and marketing (development of e-commerce), to allocate funds from the sale to improve the production technology used, to cooperate in order to optimize the cooperation that has been established so it can be provided raw materials and working capital and be able to coordinate the distribution of the products, for the craftsmen work together to build collective power that can overlap or eliminate weaknesses.
4. One of strategies that can be used by the government in order to develop the SME business shoes and slippers in Desa Pasir Eurih is help craftsmen products by facilitating the new distribution channels. The government can also facilitate the craftsmen with training on financial management, business management and inventory management, the government give support the development of production technology. They can also assist craftsmen products by limiting imports of shoes and slippers, government facilitates the promotion of products at the deserted time of sale with their exhibitions, the government issued regulations and policies that support the improvement and development of the craftsmen production.

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