

# The Strategic Planning in Indonesia Tourism Industry with QSPM Model

**Jumadi<sup>1</sup>, Samsul Bakri<sup>2</sup>, Savira Devi Stevina<sup>3</sup>**

<sup>1</sup>Departement Management University of Widya Mataram, Yogyakarta, Indonesia,

<sup>2,3</sup>Departement Accounting University of Widya Mataram, Yogyakarta, Indonesia

[jmd.mataram@gmail.com](mailto:jmd.mataram@gmail.com)

**Abstract.** This study aims to provide strategic assessment and optimization strategies for the development of the tourism industry in Indonesia. The study contributes to development methodology by advancing uses techniques; Quantitative Strategic Planning Matrix (QSPM) and Strengths, Weaknesses, Opportunities, and Threats (SWOT) to determine necessary guidelines for the development of tourism in Indonesia. The study first uses SWOT to categorize different factors and then QSPM is applied to prioritize various factors. Based results of this study show that presenting, formulated an alternative strategy in Indonesia tourism industry are Branding Indonesia tourism destination, satisfaction tourism strategy, tourism-based heritage, and culture, building the optimization of promotion with government support, human and technology development, developing public transportation and safety facilities of tourism, the complete package of several facilities options and development tourist attractions such as art and culture performances.

**Keywords.** quantitative strategic planning matrix (QSPM), strengths, weaknesses, opportunities, and threats (SWOT), economic growth, tourist attractions

## 1. Introduction

Tourism is important for growing regional economies territorial and high volatility of macro and micro-environment. Tourism higher risk than in other areas of activity, making an increasing number of municipalities or regions take advantage. The tourism industry is one essential sector in increasing economic growth (Abya, 2015). According to Simpson (2001), tourism has an impact on economic, cultural, and political issues. Job creates and increases foreign travel demand as well as security in the country and makes it a reliable source of income for local residences can be increased with the tourism industry (Inskeep, 1991). According to Heath & Wall (1991) tourism has an essential role in encouraging investment in infrastructure, generating revenue for the state, and its direct and indirect job involvement across the world. The tourism sector should be properly explored so that it will have a positive contribution to the increasing growth of Gross domestic product (Ali & Mohsin, 2008).

Tourism is a complex industry and needs the strategy to be directed at a large number of people in various lands of different socio-economic structures having different needs, tests, attitudes, expectations, and behavior patterns. Existing and potential visitation to any destination is inextricably linked to that destination's overall competitiveness, however, that is defined or measured (Dwyer and Kim, 2003). So the balance of development and

competitiveness in the tourism industry is needed to the effectiveness of strategic planning. This concept is strategic analysis, and its quality determines, to a large extent, the success of the entire process. This study aims to analyze and evaluate the current management condition of the studied area and to present the best fit managerial strategy using SWOT and QSPM to improve current protection conditions, support strengths, and utilize available opportunities.

## **2. Literature Review**

### **2.1. Strategy**

Strategy and strategic management have been an important management field in the private sector (Grandy and Mills, 2004). There is much literature about management and strategy for the key to successful entrepreneurship the literature is: (Jauch and Glueck (1988); Stacey (1996); Johnson and Scholes (1999); Finley (2000); Cummings et al., (2003); Grant (2005); Swayne et al., (2006), the strategic management caught the attention of managers in the public sector and is strongly influenced by advocates. According to Desmidt and Heene (2005); Boaden et al. (2008) the strategy is a strong plea to introduce principles and methods from the private sector in the public sector, as they are supposed to boost performance. According to Hussey (2001), strategic planning is constituted by four essential components: environmental investigation, strategy development, strategy implementation, and control and assessment.

### **2.2. SWOT Analysis**

There are different strategic planning models and all of them have been inspired by SWOT analytical model (Strength, Weakness, Opportunity, and Threat) Mintzberg et al. (1998). The SWOT analysis is the tool for developing strategic analysis. According to Johnson and Scholes (1999) SWOT, analysis is a tool to develop for strategic analysis that confrontation between external developments and internal capabilities. Internal capabilities are described as strong or weak points of the organization and external developments are identified as either opportunities or threats for the organization.

SWOT is an analysis of Strengths, Weaknesses, Opportunities, and Threats. Strengths and weaknesses are factors while opportunities and threats are external. SWOT is a useful tool for analyzing the overall situation. This approach seeks to maximize strengths and opportunities and at the same time to minimize weaknesses and threats. (Helms & Nixon, 2010) Wang et al., (2014); (Martínez & Piña, 2015); (Michailidis, et al., 2015). SWOT analysis, it is important to determine the purpose of the study. SWOT analysis can be used for one or more of the following purposes. According to Nikolaou and Evangelinos (2010); Diamantopoulou and Voudouris (2008) SWOT matrix has attracted attention as an efficient instrument for the strategic planning of environment management. This technique provides a systematic analysis instrument for identifying internal and external factors and selecting the best fit strategy establishing the best concordance between the factors (Harrison and John (2007).

According to Hitt, et al. (1997) SWOT analysis includes analysis of:

- a. Strength is the effective utilization and management of organizational resources to achieve its objectives.
- b. Weakness is a limitation or inability of organizational resources so that it can hinder the achievement of goals.
- c. Opportunities are situations in the environment that can support an organization to achieve strategic competitiveness.
- d. Threats are situations in the environment that can interfere with the organization's activities in achieving its strategic competitiveness.

Based on Hunger and Wheelen (2003) the SWOT matrix can be described:

- a. Strength Opportunities Strategy (SO-Strategy), is a matrix that uses a combination of the organization's internal strengths to take advantage of external opportunities. SO strategy is a strategy that uses certain ways so that an organization can use its strengths to take advantage of opportunities.
- b. Weaknesses-Opportunities Strategy (WO-Strategy) aims to improve the weaknesses that exist in the internal organization by taking advantage of external opportunities. The WO strategy is a strategy to take advantage of existing opportunities by overcoming various weaknesses from the available resources.
- c. Strength-Threat Strategy (ST-Strategy) is a strategy to obtain from the strength of the available resources to avoid or reduce threats from the environment. ST strategy is a strategy to survive to overcome weaknesses and avoid threats
- d. Weakness-Threats Strategy (WT-Strategy) is a defensive strategy to reduce internal weaknesses and avoid external threats.

The study related to the use of the SWOT matrix was conducted by (Paliwal, 2006) who conducted research related to conventional techniques for impact assessment in India. Zarrabi et.al (2014) study on the analysis of managerial challenges of tourism development on the southern coast of the Khazar Sea. Another study, Ziaei, and Mirzaeoe (2009) Managerial Challenges and Tourism Development in the Protected Areas. Barati and Aghanajafi, (2014) Study on Codification of Strategic Plans for Sustainable Development of Ecotourism in Benefit Protected Areas with a Combination of SWOT, IEM, and QSPM Techniques Case Study: Varjin Protected Areas, codification studies of ecotourism sustainable development strategic plans in Varjin protected areas carried out using SWOT technique and the respective combinations of SWOT, IEM, and QSPM.

### **2.3. QSPM**

According to (Zowain & Ismail, 2015) that the QSPM matrix is used to try to choose the best strategy using simple calculations. The QSPM matrix is a tool that can be effective for both internal and external changes. According to (Walukow and Pangemanan, 2015), QSPM is a technique that objectively shows the best alternative strategy. Alternative evaluation strategy based on previously identified external and internal strategic factors. QSPM requires subjective decisions, making decisions during the process increases the likelihood that the final decision strategic decisions for the organization. The advantage of using the QSPM method is that a series of strategies in the QSPM method can be observed sequentially and simultaneously and minimizes the possibility that the main factors will be missed but requires intuitive assessment and based assumptions (David, 2009). The function of QSPM analysis is to determine the importance of the comparative application of different methods. The results of the QSPM analysis are significant strategies that can be applied by the company.

## **3. Methodology**

The study is based on primary and secondary data. The primary data collection in the study is with Focus Discussion Group (FGD) with the people competent that are: consultant and researcher. The secondary data collection in the study by existing literature has been extensively used for strategy development. Data from the published (local & international) sources have been used as well. Furthermore, ideas from the experts as well as academicians have also been taken into consideration.

### **3.1. The Analysis Method**

The Equipped for analysis with relevant information through the process of diagnosis, and the best indications of developing trends through prognosis, the next task is to assess what the

information means for marketing strategy and tactics is the SWOT analysis, stands for strengths, weaknesses, opportunities, and threats (Midelton et.al 2009). The study uses techniques namely; Quantitative Strategic Planning Matrix (QSPM), an integrated environmental assessment (IEA): The environment one most important that can't be directly controlled; the environmental are economics, inflation, political, cultural, turmoil infighting between political parties, communication media technology, sociocultural vacation time and natural environment environmental protection. The analysis of strengths, weaknesses, opportunities, and threats (SWOT) for the implementation of the study. The study first uses SWOT to categorize different factors, IEA is applied to determine internal as well as external factors and finally, QSPM is applied to prioritize various factors.

#### 4. Result

The Environmental Monitoring

The influence the organization activities is environment one most important that can't direct controlling; the environmental are economics, inflation, political, cultural, turmoil infighting between political parties, communication media technology, sociocultural vacation time and natural environment environmental protection. table 1 is the result of the research.

##### 4.1.The SWOT Analysis of Indonesia Tourism Industry

Table 1: SWOT Analysis of the Tourism Industry

STRENGTH	WEAKNESSES
A. The beauty natural and good weather	A. Lack of tourist attractions
B. A complete package of facilities	B. Promotion is not maximized
C. Unique and interesting attractions	C. Lack of souvenir shops
D. Typical arts and culture	D. Expensive price attraction
E. Good hospitality	E. Poorer quality of human resources
OPPORTUNITIES	THREATS
A. The growth of tourism supply resources	A. Competition of tourism attraction
B. Availability of job	B. Disaster
C. Local culture	C. Un safety facilities
D. Emergence of technology	D. Lack of public transportation
E. Words of mouth promotion	E. Lack of government support

SWOT Analysis With EFAS – IFAS

To score the SWOT there are two factors to be scored, those are weight and rating. The total score of weight is one, and the rating ranges from 0-9. Every weight times rating equal to item scores well be some up the total 0-9. likewise, EFAS analysis and the total came up.

Table 2: External Strategic Situation Analysis

External Strategic Factors	Weight	Rating	Item Scores
OPPORTUNITY			
B. The growth of tourism	0,2	7	1,4
C. Availability of job	0,1	5,5	0,55
D. Local culture	0,1	7	0,7

E. Emergence of technology	0,05	5,5	0,275
F. Words of mouth promotion	0,05	7,4	0,37
Total	0,5		<b>3,295</b>
<b>THREATS</b>			
B. Tourism attraction competition	0,2	6	1,2
C. Disaster	0,1	6	0,6
D. Unsafety facilities	0,1	5	0,5
E. Lack of public transportation	0,05	6	0,3
F. Lack of the government support	0,05	5,87	0,2935
Total	0,5		<b>2,8935</b>
Aggregate	1		<b>6,1885</b>

Based on the analysis data this simulation of SWOT can explain the external strategic factors which consist of opportunities and threats. For the opportunities the higher the rating, the better the opportunities for Indonesia to sell its tourism object. For threats, the less the threats occurred, the higher the rating is. From the two tables above, calculations resulted in the following values: The external strategic factors which score 6,1885 are the external-market business attractiveness and that means Indonesia can well anticipate all the threats coming.

Table 3: Internal Strategic Situation Analysis

Internal Strategic Factors	Weight	Rating	Item Scores
<b>STRENGTH</b>			
B. The beauty of natural and good weather.	0,2	8	1,6
C. A complete package and facilities	0,1	7	0,7
D. Unique attractions	0,1	7	0,7
E. Typical arts and culture	0,05	8	0,4
F. Good hospitality	0,05	8	0,4
Total	0,5		<b>3,8</b>
<b>WEAKNESS</b>			
B. Lack of attractions and art performances	0,2	6	1,2
C. Promotion is not maximized	0,1	6,3	0,63
D. Lack of souvenir shops	0,1	5,5	0,55
E. Expensive price attraction	0,05	5,5	0,275
F. Poorer quality of human resources	0,05	6	0,3
Total	0,5		<b>2,955</b>
Aggregate	1		<b>6,755</b>

Now we come to internal strategic analysis, which will be focused on the strengths and the weaknesses. The higher the strengths are the higher the rating is. Meanwhile, the fewer the weaknesses are, the higher the rating is. Internal strategic factors which are score 6,755 are the

internal-business strength/competitive position and that means the business competitive position becomes stronger and the industry attractiveness becomes higher.

Base on the above SWOT analysis the study, therefore, formulated an alternative SWOT Matrix.

Table 4: SWOT Matrix

	<b>Strength</b>	<b>Weakness</b>
Internal Factors	<ul style="list-style-type: none"> <li>✓ The beauty of natural scenery and good weather.</li> <li>✓ A complete package of several facilities options</li> <li>✓ Unique and interesting attractions</li> </ul>	<ul style="list-style-type: none"> <li>✓ Lack of tourist attractions such as art performances</li> <li>✓ Promotion is not maximized</li> <li>✓ Lack of souvenir shops</li> </ul>
External Factors	<ul style="list-style-type: none"> <li>✓ Typical arts and culture</li> <li>✓ The hospitality of surrounding communities</li> </ul>	<ul style="list-style-type: none"> <li>✓ Typical arts and cultural attraction expensive facilities</li> <li>✓ Human resources poorer quality</li> </ul>
<b>Opportunity</b>	<ul style="list-style-type: none"> <li>✓ Branding tourism</li> <li>✓ Satisfaction tourism strategy</li> <li>✓ Tourism based heritage and culture</li> </ul>	<ul style="list-style-type: none"> <li>✓ Building the optimization of promotion</li> <li>✓ Human and technology development</li> <li>✓ Building souvenir shops</li> </ul>
<ul style="list-style-type: none"> <li>✓ The growth of tourism supply resources</li> <li>✓ Availability of job allowances in the destination</li> <li>✓ Access to preserve local culture</li> <li>✓ Emergence of technology</li> <li>✓ Words of mouth promotion</li> </ul>		
<b>Treats</b>	<ul style="list-style-type: none"> <li>✓ Promotion of the unique destination</li> <li>✓ Developing public transportation and safety facilities of tourism</li> <li>✓ The complete package of several facilities options</li> </ul>	<ul style="list-style-type: none"> <li>✓ Promotion with government support</li> <li>✓ Formulate the favorable tourism policy</li> <li>✓ Development tourist attractions such as art performances</li> </ul>
<ul style="list-style-type: none"> <li>✓ Competition among tourism attraction</li> <li>✓ Natural disaster</li> <li>✓ Un-safety facilities and infrastructure</li> <li>✓ Lack of public transportation</li> <li>✓ Lack of government support</li> </ul>		

#### 4.2. Quantitative Strategy Planning Matrix (QSPM)

Based on the SWOT material and ranking, can be obtained a strategic priority scale using the Quantitative Strategy Planning Matrix (QSPM) approach.

Table 5: Quantitative Strategy Planning Matrix (QSPM)

---

QSPM (Priority of Strategy)
✓ Branding tourism
✓ Satisfaction tourism strategy
✓ Tourism based heritage and culture
✓ Promotion of the unique destination
✓ Developing public transportation and safety facilities of tourism
✓ The complete package of several facilities options

---

## 5. Conclusion

Based on the internal and external strategic situation, the internal strategic factors which score 6,755 are internal-business strength/competitive position these mean that the business competitive position tourism Industry becomes stronger and the industry attractiveness becomes higher. The external strategic factors which score 6,1885 are the external-market business attractiveness and that mean of tourism industry can well anticipate all the threats coming.

Base on the SWOT matrix analysis and QSPM, the study formulated the alternative strategy competitiveness in Indonesia tourism industry: Branding of the tourism destination, make the satisfaction tourism strategy, building the tourism-based heritage and culture, development of effectiveness promotion. Besides that strategy another strategy that Indonesia is building is human and technology development, building souvenir shops, developing public transportation and safety facilities of tourists, building the integrated of several facilities, formulate the favorable tourism policy, and developing tourist attractions such as the art and culture performances.

## References

- [1] Abaya Hamid, Mohammad Mehdi Nasiri Khalili, Mohsen Ebrahimi, and Ali Movaheda. (2015). Strategic planning for tourism industry using SWOT and QSPM, *Management Science Letters* 5 (2015) 295–300
- [2] Ali, M.M & Mohsin, S.C.(2008). Different aspects of Tourism Marketing Strategies with Special Reference to Yogyakarta: *An Analysis. Business Review: A Journal of Business Administration*, Khulna University, 6 (1 & 2),1-3.
- [3] Barati, F., Mirhosini, S.A. and Aghanajafi, S. (2014). Codification of Eco-Tourism Sustainable Development Strategic Plan in Protected Areas Benefits with a Combination of Techniques SWOT, IEM and QSPM (Case Study: Varjin Protected Area). *2 nd Congress of Environment, Energy and BioDefense*, Tehran, 15 September 2016, 1-15.
- [4] Boaden R, Marchington M, Hyde P, et al. (2008). *Improving Health Through Human Resource Management: The Process of Engagement and Alignment*. Chartered Institute of Personnel and Development: London
- [5] Cummings S, Wilson D, Anqwin D. (2003) *Images of Strategy*. Blackwell Publishing: Mulden.
- [6] David, F.R. 2009. *Manajemen Strategis KonsepTerjemahan*. Salemba Empat. Jakarta.
- [7] Desmidt S, Heene A. (2005). *Strategie En Organisatie Van Publieke Organisaties* (Dutch).Uitgeverij Lannoo: Tiel.
- [8] Diamantopoulou, P. and Voudouris, K. (2008). Optimization of Water Resources Management Using SWOT Analysis: The Case of Zakynthos Island, Ionian Sea, Greece. *Environmental Geology*, 54, 197-211. <https://doi.org/10.1007/s00254-007-0808-5>

- [9] Dwyer and Kim. (2003). Destination Competitiveness: Determinants and Indicators, *Current Issues in Tourism*, Vol. 6, No 5, 2003, 369-414.
- [10] Finlay P. (2000). *Strategic Management*. Pearson: London.
- [11] Grandy G, Mills AJ. (2004). Strategy as simulacra? A radical reflexive look at the discipline and practice of strategy. *J Manag Stud* 41: 1153–1170.
- [12] Grant RM. 2005. *Contemporary Strategy Analysis*. Blackwell Publishing: Malden.
- [13] Harrison, J. and John, K. (2007). *Strategic Management*. 4th Edition, Heyat Publications, Iran.
- [14] Heath, E., & Wall, G. (1991). *Marketing Tourism Destinations: A Strategic Planning Approach*. John Wiley & Sons, Inc.
- [15] Helms, M. M. & Nixon, J., 2010. Exploring SWOT analysis--where are we now? A review of academic research from the last decade. *Journal of Strategy and Management*, 3(3), pp. 215-251.
- [16] Hitt, A. Michael, et al. (1997). *Manajemen Strategis: Menyongsong Era Persaingan dan Globalisasi*. Penerbit Erlangga. Jakarta
- [17] Hunger, J. David dan Thomas L. Wheelen. (2003). *Manajemen Strategis*. Penerbit Andi. Yogyakarta
- [18] Hussey, D. (2001). *Strategy and Planning*. Wiley, New York
- [19] Inskeep, E. (1991). *Tourism Planning: An Integrated And Sustainable Development Approach*. Van Nostrand Reinhold.
- [20] Jauch LR, Glueck WF. (1988). *Business Policy and Strategic Management*. McGraw-Hill: New York.
- [21] Johnson G, Scholes K. (1999). *Exploring Corporate Strategy*. Prentice-Hall: London.
- [22] Martínez, C. I. & Piña, W. H. A., 2015. Recycling in Bogotá : A SWOT Analysis of Three Associations to Evaluate the Integrating the Informal Sector into Solid Waste Management. *International Journal of Social, Behavioral, Educational, Economic and Management Engineering*, 9(6), pp. 1668-1673.
- [23] Michailidis, A. et al., 2015. Exploring Treated Wastewater Issues Related to Agriculture in Europe, Employing a Quantitative SWOT Analysis. *Procedia Economics and Finance*, 33(15), pp. 367-375.
- [24] Middleton Victor T. C & Clarke Jackie. (200).. *Marketing in Travel and Tourism*. Butterworth Heineman: Fourth Edition.
- [25] Mintzberg, H., Ahlstrand, B., and Lampel, J. (1998) *Strategy Safari: A Guided Tour through the Wilds of Strategic Management*. Free Press, New Yor
- [26] Nikolaou, I.E. and Evangelinos, K.I. (2010). A SWOT Analysis of Environmental Management Practices in Greek Mining and Mineral Industry. *Resources Policy*, 35, 226-234. <https://doi.org/10.1016/j.resourpol.2010.02.002>
- [27] Paliwal, R. (2006) EIA Practice in India and Its Evaluation Using SWOT Analysis. *Environmental Impact Assessment Review*, 26, 492-510. <https://doi.org/10.1016/j.eiar.2006.01.004>
- [28] Simpson, K. (2001). Strategic Planning and Community Involvement as Contributors to Sustainable Tourism Development. *Current Issues in Tourism*, 4(1), 3-41.
- [29] Stacey RD. (1996). *Strategic Management and Organizational Dynamics*. Pitman: London.
- [30] Swayne LE, Duncan WJ, Ginter PM. (2006). *Strategic Management of Health Care Organizations*. Blackwell: Oxford.
- [31] Walukow M I and Pangemanan S A 2015 Developing Competitive Strategic Model Using Quantitative Strategic Planning Matrix (QSPM) Approach for Handicraft Ceramic Industry

- in Pulutan Minahasa Regency. *Procedia - Social and Behavioral Science* vol. 211 pp. 688 – 695
- [32] Wang, X. P., Zhang, J. & Yang, T., 2014. Hybrid SWOT approach for strategic planning and formulation in china worldwide express mail service. *Journal of Applied Research and Technology*, 12(2), pp. 230-238.
- [33] Zarrabi, A., Alizadeh Asl, J. and Bahari, A. (2014). Analysis of Tourism Infrastructures in the Ecotourism Destination of Band, Uremia Using SWOT. *Geography and Planning*, 48, 177-210
- [34] Ziaei, M. and Mirzaeoe, R. (2009). Managerial Challenges and Development of Tourism in Protected Areas of Khazar Sea Southern Coasts, Case Study: Miankaleh Wildlife Refuge. *Tourism Studies Quarterly* 2-1,34
- [35] Zowain, A., & Ismail, H. (2015). Management of salinity issues in Iraq's agricultural sector. *Engineering and Technology Journal*, 33, 644-658.