

# Using SWOT and AHP to Evaluate the key Factors on Management of Indonesian Restaurant

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## Abstract:

The restaurant business is a business that is much demanded by investors. The development of the restaurant business in Kaohsiung is one of the responses to high food demand caused by the increasing Indonesian population. The research purpose was to investigate the key factors that have high priority and play roles in influencing results in the hierarchical system on management of Indonesian restaurant. A total of 25 respondents were interviewed in this study. Research methods used in this study were qualitative and quantitative. Data analysing were SWOT (IFE and EFE matrix) then continued with AHP method to find out the priorities of the various elements in each hierarchy. The results of the analysis obtained a value of 0.020, with the proportion of CR inconsistencies less than 0.10, with the proportion of CR inconsistencies less than 0.10, which meant that we can accept this assessment had been fulfilled thus we could continue the decision-making process using AHP. The result of the SWOT analysis showed that Indonesian restaurant on Kaohsiung have good weight in the internal environment with position good strength and weight in the external IE Opportunity. The situation of Indonesian restaurants in Taiwan especially in Kaohsiung there are many Indonesian restaurants. Determining key factors in Indonesian restaurant management are from internal factors which are the strength factors of Indonesian restaurant financial planning, control, and strategies to differentiate products. While the weaknesses of Indonesian restaurants are increasing employees, education and training. External factors are opportunities. Opportunity factors are lifestyle, value-added eating experiences.

Keywords: **AHP, Indonesian Restaurant, Management, SWOT**

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**Introduction**

Food is often considered as a strategic commodity and includes things that are emotional and even political (Amang, 1995). Meanwhile, Huang and Rozelle (1995) show that structural changes in food demand are a driving force for dietary patterns in China and Taiwan.

Restaurant management is very important in achieving competitive advantage. Therefore, good restaurant management is carried out to increase income and to face competition in order to survive in a competitive market.

AHP method is an attempt to capture the problems found, and the criteria for the answers needed. Then it is simplified in solving these problems to the most straightforward aspects. The AHP method allows to use intuition instruments as the primary input, but the intuition used is coming from decision makers who are sufficiently informed and understand the problem at hand (Anggraeni, Lin, and Azizah).

SWOT analysis is a strategic planning method used to evaluate strengths, weaknesses, opportunities, and threats in a project or business speculation. According to Rangkuti (2016), a SWOT analysis is a systematic identification of various factors to formulate a company's strategy.

**Literature review**

Marketing management is the process of planning and implementing thought, and channeling the idea of goods and services to obtain exchanges that meet the goals of individuals in the organization (Kotler, 2007). The restaurant management system is a management information system that serves a restaurant service to the public and maximizes the ease and efficiency of its users (Fania & Tan, 2015).

AHP's working principle is to simplify the unstructured, strategic, and dynamic

complex problems that are being experienced by the restaurant related to the marketing strategy that has been carried out by the restaurant and organize the problem variables into a hierarchy (Saaty, 1991). AHP can be used to determine alternative strategies that have high priority and play a role in influencing results in hierarchical systems (Syukron, 2014). From several alternatives, priority strategies must be determined, methods needed to solve problems, and one method that can be used is AHP.

**Research Structure**

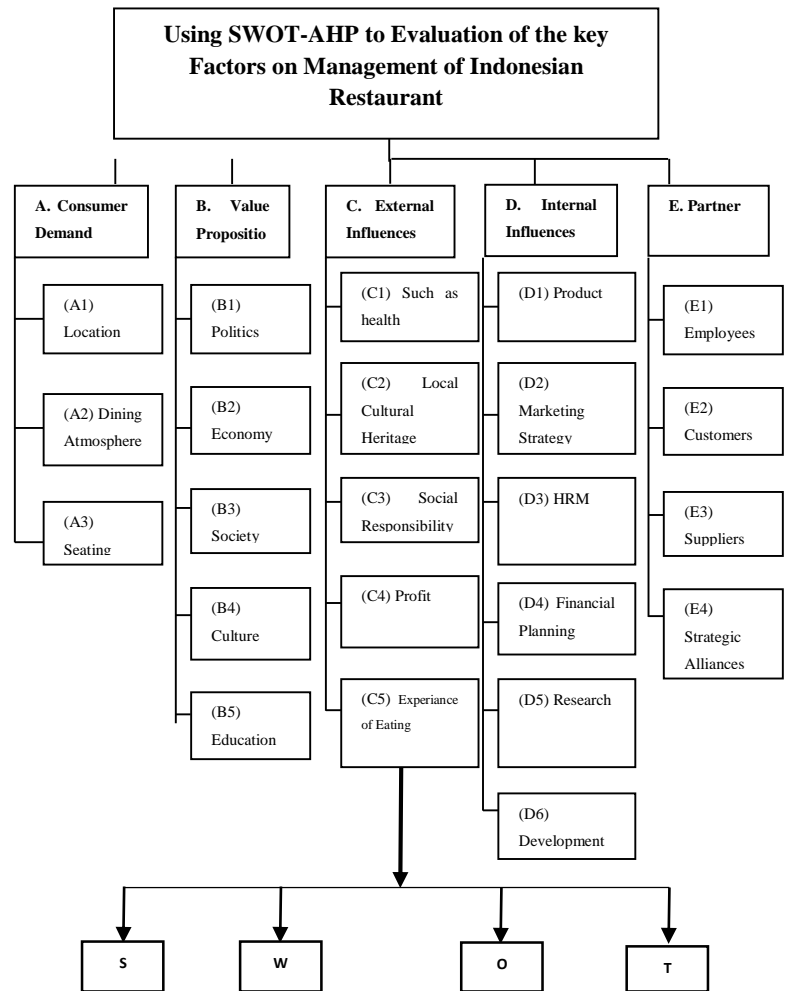


Figure 1. Research Structure

**Research method**

The study was conducted at Restaurant in Kaohsiung city, Taiwan. The selection of the research location was made purposely, with the consideration that the restaurant is a new restaurant. Currently, it is still in the introductory stage in its product lifecycle with fluctuating monthly sale rates. Thus the right marketing strategy is needed in achieving company goals.

**Data analysis**

Research in this study was the Restaurant of Indonesia's restaurant in Kaohsiung. The number of respondents were 25 who were the owner, staff, manager, and restaurant service employers.

**Research result**

This chapter uses the SWOT and AHP to test the questionnaire results using the computer program Excel and Power Choice V2.5. First, SWOT Analysis, then DELPHI test are used to analyse the questionnaire. Then the AHP were used to analyse the essential characteristics of a factor in the operation of the Indonesian cuisine gourmet restaurant.

**AHP Analysis**

Table 1 provides the most relevant results for respondents with local and overall weights. The importance starts with A. Consumer Demand, B. Value Proposition, C. External Influences, D. Internal Influences, and E. Partner. This explains that respondents discussed the importance of partners in the company. The next consideration of the respondent criteria is internal influences and value proposition.

**Tabel 1.** AHP Analysis

Criteria	Local weights	Priorities
1. Consumer Demand.	0.052	5
2. Value proposition.	0.143	3

3. External Influences.	0.133	4
4. Internal Influences.	0.196	2
5. Partner.	0.475	1

Note : 1.  $\lambda_{max} = 5.08825$

2. C.I. =  $(5.08825-5) / (5-1) = 0.022$

3. C.R. =  $0.022/1.12 = 0.020$

Source: Compiled by this study.

CI is a consistency index calculated in the previous step with a value of 0.022. While RI is a consistency index of matrices that are randomly made. Can be seen for  $n = 5$ ,  $RI = 1.12$ . By using these values for CI and RI, it can be calculated that  $C.R = 0.022 / 1.12 = 0.020$ . The calculation results of the analysis obtained a value of 0.020, with the proportion of CR inconsistencies less than 0.10, with the proportion of CR inconsistencies less than 0.10, which means we can accept that this assessment has been fulfilled so that we can continue the decision-making process using AHP.

**SWOT Analysis**

**1. Analysis of Internal Factor Evaluation (IFE) Matrix**

The company's internal environment analysis produces eight strengths and four weaknesses. The IFE matrix is based on identifying the strengths and weaknesses of the company, where key success factors from the internal environment are summarized in table of Internal Factor Evaluation (IFE) Indonesian restaurants have the main strengths of Financial planning, control, and auditing (0.40). This main strength must be maintained and further enhanced in order to achieve the company's goals to manage restaurant management better. The main weakness in Indonesian restaurants is Performance of employees (0.27). This main weakness must be taken into consideration when revising the policy regarding the implementation of the Standard Operating Procedure for the restaurant's sustainability.

The results of calculations from the IFE matrix can be seen in Table 2 below.

**Tabel 2.** Internal Factor Evaluation (IFE) Matrix

Factor	Weight	Average	Weight X Average
<b>Strength (S)</b>			
Product differentiation strategies.	0.09	4	0.38
Taste	0.08	3	0.23
Price	0.08	3	0.24
Location	0.09	4	0.37
Marketing promotion.	0.08	3	0.24
The atmosphere of restaurant.	0.09	4	0.37
The safety and cleanliness of food.	0.09	3	0.27
Financial planning, control, and auditing.	0.10	4	<b>0.40</b>
<b>Weaknesses (W)</b>			
Education and training.	0.08	3	<b>0.25</b>
Performance of employees.	0.09	3	<b>0.27</b>
Job satisfaction.	0.08	3	<b>0.24</b>
Building strategic alliances.	0.04	1	0.04
<b>Total</b>	<b>1</b>		<b>3.30</b>

**2. Analysis of the External Factor Evaluation (EFE) Matrix**

Based on the results of the analysis of the external environment there are four opportunities and five threats faced by the company. The EFE matrix is established based on the identification of opportunities and threats faced by the company, where after the key success factors in the form of opportunities and threats are obtained then in a matrix External Factor Evaluation (EFE). Based on the results calculations, it can be seen that a considerable opportunity in Indonesian restaurants is a lifestyle with a score of 0.5093. This can be an opportunity to promote Indonesian restaurants. The main threat is too many of similar products with a score of 0.49. This main threat must be overcome by making

product innovation. The calculation results from the EFE matrix can be seen in Table 3.

**Tabel 3.** External Factor Evaluation (EFE) Matrix

Factor	Weight	Average	Weight X Average
<b>Opportunities (O)</b>			
Profit.	0.12	4	0.48
Value-added experience of eat.	0.13	4	0.509
Social network.	0.13	4	0.515
Lifestyle	0.13	4	<b>0.5093</b>
<b>Threats (T)</b>			
Technology.	0.08	2	0.16
The high level of restaurant competition	0.09	3	0.28
Increase in raw material prices	0.09	3	0.282
High consumer bargaining	0.10	3	<b>0.31</b>
Too many of similar products	0.12	4	<b>0.49</b>
<b>Total</b>	<b>1</b>		<b>3.54</b>

**Table 4.** SWOT Matrix

<p>Internal Factor</p> <p>External Factor</p>	<p><b>Strength (S)</b></p> <ol style="list-style-type: none"> <li>1. Product differentiation strategies.</li> <li>2. Taste</li> <li>3. Price</li> <li>4. Location</li> <li>5. Marketing promotion.</li> <li>6. The atmosphere of the dining environment (music and Decoration).</li> <li>7. The safety and cleanliness of food.</li> <li>8. Financial planning, control, and auditing.</li> </ol>	<p><b>Weaknesses (W)</b></p> <ol style="list-style-type: none"> <li>1. Education and training.</li> <li>2. Performance of employees.</li> <li>3. Job satisfaction.</li> <li>4. Building strategic alliances.</li> </ol>
<p><b>Opportunities (O)</b></p> <ol style="list-style-type: none"> <li>1. Profit.</li> <li>2. Value-added experience of eat.</li> <li>3. Social network.</li> <li>4. Lifestyle.</li> </ol>	<p><b>Strategy S-O</b></p> <ol style="list-style-type: none"> <li>1. Promotion through scholarships such as social media and events.</li> <li>2. Make a new innovation menu.</li> <li>3. Providing a comfortable and clean and more modern place.</li> </ol>	<p><b>Strategy W-O</b></p> <ol style="list-style-type: none"> <li>1. Human Resources conducts training to improve managerial quality through the implementation of a clear job description and direction.</li> <li>2. Accounting records by utilizing technology.</li> </ol>
<p><b>Threats (T)</b></p> <ol style="list-style-type: none"> <li>1. Technology.</li> <li>2. The high level of restaurant competition.</li> <li>3. Increase in raw material prices.</li> <li>4. high consumer bargaining.</li> <li>5. Too many of similar products.</li> </ol>	<p><b>Strategy S-T</b></p> <ol style="list-style-type: none"> <li>1. Improve the quality of taste and delicacy of food.</li> </ol>	<p><b>Strategy W-T</b></p> <ol style="list-style-type: none"> <li>1. Improving the quality of services through the implementation of standard operating procedures.</li> </ol>

Source: Compiled by this study.

Based on the results of the analysis in Table 4 above it indicates that Indonesian Restaurants can be determined by combination of internal factors and external factors. From the results of the SWOT analysis obtained, indicates that Indonesian restaurant are on Kaohsiung namely Indonesian Restaurant has good weight in the internal environment with position good strength and weight in the external IE Opportunity, it can be concluded that the SWOT diagram Indonesian Restaurants in Kaohsiung on quadratic position I, namely the SO strategy, indicates having opportunities and strengths that can be pushed for opportunities exploitation. In this situation the best strategy is to carryout on SO growth (Strengths Opportunity). Thus, this strategy enables Indonesian restaurant in Kaohsiung keep up with competitors.

### **Managerial Implications**

Based on the research results that has been carried out factors that have a major influence on the factor of Indonesia restaurant management are Financial planning, control, and auditing, in a restaurant not only products that are the main focus but service control and planning offered to consumers will be an important factor for customers given the strong competition from restaurants. The service offered by the Indonesian restaurant is still not satisfying customers. With servants who are still unsatisfactory, they make the image of Indonesian restaurant worse to the costumers because the most influential promotion strategy is word to mouth. Therefore, Indonesian restaurant must improve the quality of service by implementing the Indonesia Restaurant Standard Operating Procedure (SOP) and conducting training for employees, especially for waiters and kitchen staff.

The development of information technology encourages the use of new media in marketing. Indonesia restaurant uses technology and information as one of the

promotional tools such as internet media carried out on Indonesia's restaurant social networking Facebook as a promotional tool for customers. At the partner level, the most influential and important element in carrying out the Indonesian restaurant factor management is the owner and partner. It is very clear that restaurant owners are actors who really understand how the internal and external conditions of Human Resources, finance, and competitor's conditions of the restaurant. With the ability to understand the ins and outs of competition in depth, clearly the role of restaurant owners is at the top priority compared to actor managers and chefs. At the objective level, the most important element is to improve the image and to increase the profit. The indicator of the success of Indonesia restaurant management is the acquisition of turnover or income from the sale of products offered. The next element is ensuring business continuity and maintaining relationships with partners, with the ongoing business that shows how the products offered by Indonesian restaurants can remain in the midst of intense restaurant competition and very influential in maintaining relationships with restaurant partners and Job satisfaction is very influential to maintain the harmony of the owner and staff. At the final level, namely management, obtained management factors that are considered to have a positive influence on the marketing of Indonesian restaurants. The main priority is to improve service quality through the application of SOP.

### **Conclusion and recommendation**

#### **Conclusion**

Determining key factors in Indonesian restaurant management is from internal factors which are the strength factors of Indonesian restaurant financial planning, control, and strategies to differentiate products, dining environment, location, food safety and cleanliness, prices, marketing promotions, and

taste. While the weaknesses of Indonesian restaurants are increasing employees, education and training, job satisfaction, and building strategic alliances. external factors are opportunities. Opportunity factors are lifestyle, value-added eating experiences, social networking, and profits. The challenges are the level of restaurant competition is high, rising raw material prices, and technology. The important management factors affect were promotions such as events providing economical packages for Indonesian students / students, improving the quality of taste and delicacy of food, Human Resources to improve managerial quality through the application of clear and purposeful job descriptions, accounting by utilizing information technology, improving service quality through the application of SOP.

#### **Suggestion**

The restaurant owner must maintain the management that has been arranged so that the restaurant becomes better and further improves the quality that is still not included in the restaurant's SOP.

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