

Strategic Formulation Analysis for Building Digital-based Training and Coaching Institutions in Indonesia

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ABSTRACT

This research focuses on formulating strategies to support the digitalisation of MSME training and coaching institutions in Indonesia, a crucial sector that supports national economic growth. Through the use of survey methods and secondary data analysis, the research identifies key factors that influence digital adoption in these institutions and formulates effective strategies to overcome barriers. The results show that training and coaching that focus on the specific needs of MSMEs, as well as the integration of information technology, can improve the digital competence and operational effectiveness of MSMEs. A post-training coaching strategy, identified through QSPM as the more attractive option, is recommended to be implemented to optimise the growth potential of MSMEs in the digital era.

Keywords: Strategy Formulation, QSPM, Post-Training Coaching

INTRODUCTION

The role of MSMEs is very important for economic development because it contributes to job creation, income generation, innovation, and technological advancement (Mubarak et al., 2019). The results of a survey conducted by Boston Consulting Group and Telkom Indonesia explain the challenges of MSMEs in digital transformation such as lack of access to financing, digital training, support from the government to the absence of coaching for MSMEs (Boston Consulting Group & Telkom Indonesia, 2022). The role of training and coaching institutions is very important to help MSMEs digitalise their businesses.

According to a report by Exacutitude Consultancy, the global online training market is expected to grow from USD 32.29 Billion in 2023 to USD 166.45 in 2030 (Exactitude Consultancy, 2023). The major factors driving the online training market include the demand for convenient and flexible learning, increasing internet penetration

in every country, the impact of the COVID-19 pandemic and the cost effectiveness of online training platforms.

In the past decade, Indonesia has experienced a substantial rise in internet penetration, with 73.7% of the population being online by 2023, according to Anisa and Setyowati (2023). This remarkable increase in connectivity has been transformative, paving the way for extensive digitisation across numerous sectors. As more individuals gain access to the internet, the potential for digital solutions to enhance various aspects of society grows exponentially. This shift is particularly impactful in areas such as education and training, where digital platforms can offer innovative and flexible learning opportunities that were previously unavailable to many.

The expansion of internet access presents significant opportunities for the advancement of educational and training systems throughout Indonesia. With a larger portion of the population now online, there is a growing potential to leverage digital tools and resources to improve the quality and accessibility of education. Online learning platforms, virtual classrooms, and digital training programs can bridge educational gaps, providing resources and knowledge to individuals in remote or underserved areas. This digitisation not only democratizes access to education but also prepares the workforce for the demands of a rapidly evolving digital economy, ultimately contributing to the country's overall development and competitiveness on a global scale.

This research delves deeper into the strategic formulations needed to accelerate the adaptation of training and coaching institutions in Indonesia. Through an analytical approach combining survey and secondary data analysis, this research aims to identify key influential factors in organisational processes and formulate effective strategies to overcome the challenges in the training industry.

LITERATURE REVIEW

Vision and Mission

Vision and mission are closely related to the achievement of organisational goals. Vision can be defined as a description of what is indispensable to the organisation to ensure long-term success and sustainability (Hariwibowo, 2018). Meanwhile, the

mission is a statement of what the organisation must do to realise its vision. The mission is also concrete and provides guidance on how to achieve the vision (Hafizin & Herman, 2022).

External Factor Analysis

The researcher analysed the external factors that could affect the organisation's strategy. This analysis is done by identifying political, economic, social, and technological aspects, commonly known as PEST analysis. In addition, Porter's Five Forces analysis is also applied to identify competitors and market shares that affect organisational activities (Karsana et al., 2019).

Internal Factor Analysis

To build a competitive advantage, researchers analyse internal factors to identify the company's strengths and weaknesses. Based on business solutions, internal factor analysis includes analysis of demand, competition, resources and capabilities, and determination of strengths and weaknesses, which then leads to the identification of the company's competitive advantage (Lestari et al., 2024). For a company to survive and thrive in an industry, it must fulfil two criteria: being able to meet customer needs and being able to compete effectively (Grant, 2010).

Strategic Planning

Strategic planning is an important thing that must be done to determine which strategy the company should take based on the vision and mission, the results of internal and external analyses of a company (Subhan et al., 2022). One of the tools used to determine strategic alternatives is the SWOT matrix. SWOT analysis helps organisations make judgments based on an understanding of strengths, weaknesses, opportunities and threats (Setyorini et al., 2016).

IE matrix is a comprehensive model applied to identify and analyse the different positions of an organisation based on the total score of internal and external factor evaluation (Lestariningsih et al., 2024). Quantitative Strategic Planning Matrix (QSPM) is a tool to determine the relative attractiveness and evaluate alternative strategic options that can be implemented objectively, based on internal and external success factors that have been identified in the EFE and IFE matrices (Rangkuti, 2014).

METHOD

In the early stages of this research method, researchers first identified problems and opportunities. In this stage, it is done through analysing customer jobs, customer pains, and customer gains. Customer jobs are things related to activities, tasks, or needs that customers do to complete or fulfil in their lives (Artamevia & Moeliono, 2022). Customer pains are obstacles faced by customers when fulfilling the activities they want (Wijaya & Liliani, 2016).

Meanwhile, customer gain describes the results that customers are looking for or want to achieve (Osterwalder et al., 2015). Researchers also designed a value proposition canvas, this is important because this business model can make it easier for companies to plan or make decisions in order to provide value to consumers and companies (Putri & Kania, 2023).

RESULT

Problem and Opportunity Identification

Customer jobs

The process of activities to get online training and coaching for MSMEs, training participants need to carry out several stages such as: searching for information on online training and coaching service providers for MSMEs, choosing the appropriate training, then the learning process using various media (videos or webinars), then the ability/skill test process, then getting certification if they meet the criteria. After completing the training, participants can immediately implement the new knowledge/skills, and participants can collaborate between MSME players through the network provided by the training organiser.

Customer pains

Several obstacles faced by training participants in obtaining training and coaching for MSMEs, such as during online training by watching videos, the material is not clearly structured and during webinars, the presenters do not master the training material seen in the question and answer session.

Then the obstacles related to instructors not from business practitioners, of course, are very troublesome and far from the expectations of the training participants. With instructors who do not master the material taught, the knowledge provided will be very

different from instructors who have competence so that the knowledge gained cannot be implemented.

The next problem is that there is no follow-up after the training, follow-up is an important part of the training process, this is related to the evaluation of the training that was followed and then implemented in the business of the trainees.

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Business Solutions

Pain Reliever

Based on the problem identification above, the trainees need online MSME training that has a structured and complete training curriculum from basic to advanced levels from a variety of materials and training titles, the material will be adjusted to the constraints of MSMEs that will digitise their businesses such as: financing & cooperation with financiers to deal with funding issues, digital marketing material (SEO, SEM and SMM) to develop MSME market share both locally and internationally, digitalisation of MSMEs to assist MSMEs in digitising their businesses with digital platforms such as websites, blogs and marketplaces.

In addition, training providers will provide instructors from practitioners who are experienced in their fields and BNSP certified. To facilitate the evaluation of the results of the training attended by participants, the training provider provides an alumni channel through the messaging application and provides free one-time coaching with

instructors for trainees who have difficulty in implementing training materials in their business lines.

Gain Creator

With payment through payment gateway, trainees will be able to make payments through various payment platforms and banks so that it will have an impact on the efficiency, security and flexibility of transactions. For MSMEs who want to take part in training but are constrained by the cost of training, an instalment system is provided in collaboration with fintech or through financing programs from CSR from BUMN / BUMS.

Building relationships with relevant institutions can provide benefits such as access to additional resources such as knowledge, technical support, and capital. Engagement with both private and government institutions can increase the legitimacy of the business in the eyes of consumers and potential partners. It can be a source of collaboration and innovation, opening up opportunities for the development of new products or services.

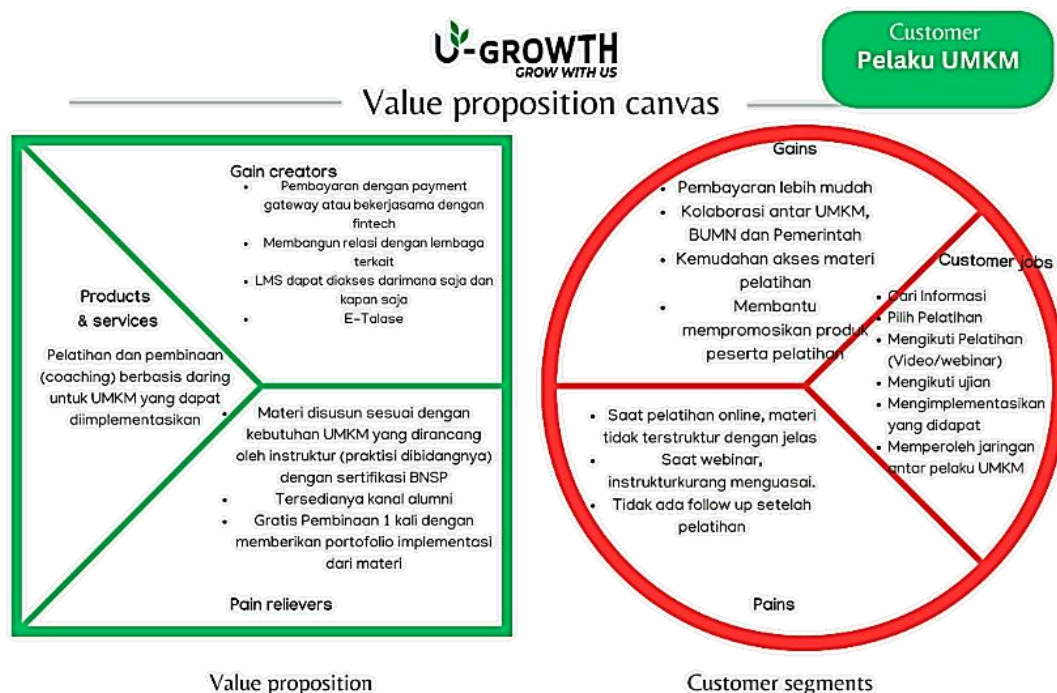


Figure 1. Value Proposition Canvas

Analisis factor Eksternal

Porter Five Force

Table 1. Porter Five Force

Power Factors	Weight
Rivalry of Competitors	2,35
Threat of New Entrants	2,35
Threat of Substitutes	2,35
Bargaining Power of Suppliers	2,20
Bargaining Power of Buyers	2,30
Average	2,31

Source: Research data, 2024

Based on the analysis of the five competitive forces discussed above, a weighted average value of 2.31 was obtained. From this weighting value, it can be concluded that the competitive forces in this industry are at a moderate level. This indicates that the company needs to work hard enough to gain profits from business activities in the industry.

PEST

Table 2. EFE Matrix

Key External Factors	Weight	Value	Total Weight
A Opportunities			
1 Development of MSMEs as Critical Engine of National Economy Continues to Receive Government Support (HM.4.6/553/SET.M.EKON.3/10/2022)	0,07	3	0,21
2 The Government encourages the development of the digital economy with targets up to 2030 (HM.4.6/489/SET.M.EKON.3/12/2023)	0,09	4	0,36
3 MSME growth is projected to reach 73 million business units in 2023	0,13	3	0,39
4 Digitalisation can increase sales of MSMEs	0,22	4	0,88
5 Collaboration with government and corporations	0,14	3	0,42
6 In 2022, only 25.5% of MSMEs use marketplaces	0,05	2	0,10
B Threats			
1 Possible changes in government regulations every 5 years	0,04	2	0,08
2 International geopolitics affects the national economy	0,07	3	0,21
3 The national entrepreneurship ratio is only 2.89%, below the standard ratio of developed countries at 4%	0,11	4	0,44
4 There are 20 provinces with MSME growth rate below 0%	0,05	2	0,10
5 14% of villages in Indonesia do not yet enjoy 4G LTE signal services	0,03	1	0,03
TOTAL EFE	1		3,22

Source: Research data, 2024

Based on the results of the assessment and weighting using the EFE matrix, a total score of 3.22 is obtained, which is above the average of 2.5. This indicates that the

company's strategy is quite effective in taking advantage of opportunities or overcoming existing threats.

Internal Factor Analysis

Internal factor analysis is done by identifying the company's internal factors to understand its strengths and weaknesses. The ranking in the internal matrix shows how strong or weak each factor is within the company.

Table 3. IFE Matrix

Key Internal Factors	Weight	Value	Total Weight
A Strengths			
1 The designed LMS includes high performance, easy to use, reliability and mobility.	0,15	4	0,60
2 Instructors from practitioners who have competence in their fields	0,17	4	0,68
3 Marketing strategy through digital marketing and collaboration	0,13	3	0,39
4 Providing training products that meet the needs of MSMEs	0,09	3	0,27
5 Provide after-sales service that competitors do not have	0,11	3	0,33
B Weakness			
1 Internal and external capital	0,08	2	0,16
2 Equipment for the production process is still leased	0,09	2	0,18
3 Reputation is still low	0,03	2	0,06
4 Product variations are still relatively few compared to similar competitors	0,10	2	0,20
5 The need to establish relationships with related agencies, both government and private	0,05	2	0,10
TOTAL IFE	1		2,97

Source: Research data, 2024

Based on the results of rating and weighting using the IFE matrix, it can be seen that the total score of the IFE matrix is 2.97 (above the average of 2.5) which indicates that the company has a high/strong internal condition.

Strategy Planning

Table 4. SWOT Matrix

SO Strategies	WO Strategies
1. Conduct post-training coaching	1. Establish cooperation with various agencies from government, corporations to associations
2. Create training curriculum from instructor competencies	2. Brand recognition using digital channels such as social media and search engines
3. Create alumni channels between trainees for collaboration between MSMEs	3. Creating tiered training
ST Strategies	WT Strategies
1. Create training materials for those who want to be entrepreneurs	1. Create free webinars on entrepreneurship
2. Design an easily accessible LMS	2. Make video quality adjustments to the LMS

Source: Research data, 2024

Based on the results of the IFE matrix and EFE matrix, it can be further compiled in the IE matrix. The total IFE value is 2.97 and the total EFE value is 3.22. The total value of IFE and EFE is obtained from the sum of the scores on each factor, where the score is obtained from multiplying the average rating and average weight on each factor.

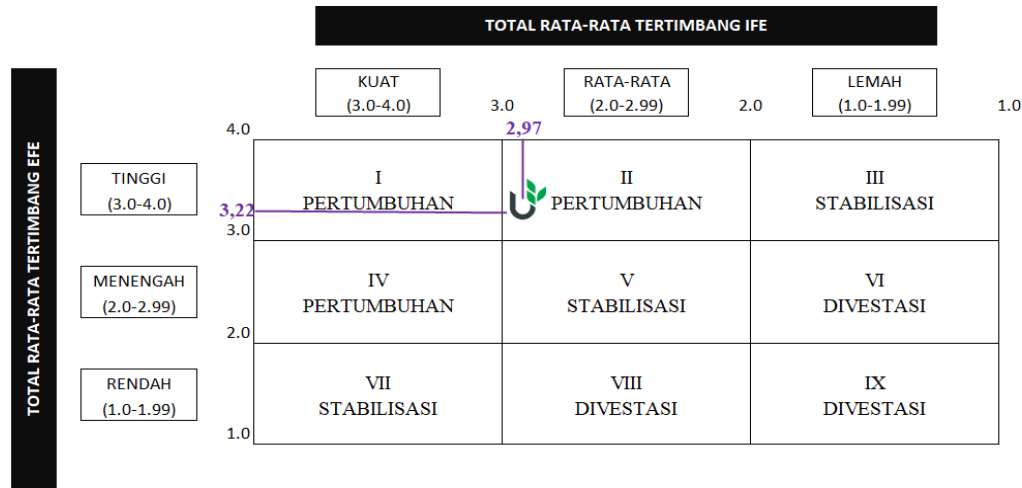


Figure 2. IE Matrix

This value shows the position of quadrant II, which shows that the strategy needed for the company at this time is a grow and build strategy. Grow and build strategy indicates that the company needs a strategy to grow better and can develop the company for the better (Prayudi & Yulistria, 2020).

The results of internal factors and external factors in the SWOT matrix and IE matrix have above-average values in quadrant II, namely the grow and build strategy. We has 2 (two) alternative strategies, strategy A is namely brand recognition using digital channels such as social media and search engines and strategy B is conducting post-training coaching. In order to analyze which strategy decision to take, the QSPM matrix is used, the results are as follows:

Table 5. Quantitative Strategic Planning Matrix

No	Key Factors	Weight	Alternative Strategy			
			Strategy A		Strategy B	
			AS	TAS	AS	TAS
S	Strengths					
1	The designed LMS includes high performance, easy to use, reliability and mobility.	0,15	2	0,30	4	0,60
2	Instructors from practitioners who have competence in their fields	0,17	2	0,34	4	0,68
3	Marketing strategy through digital marketing and collaboration	0,13	4	0,52	3	0,39
4	Providing training products that meet the needs of MSMEs	0,09				

No	Key Factors	Weight	Alternative Strategy			
			Strategy A		Strategy B	
			AS	TAS	AS	TAS
5	Provide after-sales service that competitors do not have	0,11	1	0,11	4	0,44
W Weakness						
1	Internal and external capital	0,08	4	0,32	2	0,16
2	Equipment for the production process is still leased	0,09				
3	Reputation is still low	0,03	4	0,12	2	0,06
4	Product variations are still relatively few compared to similar competitors	0,10	1	0,10	4	0,40
5	The need to establish relationships with related agencies, both government and private	0,05	4	0,20	3	0,15
O Opportunities						
1	Development of MSMEs as Critical Engine of National Economy Continues to Receive Government Support (HM.4.6/553/SET.M.EKON.3/10/2022)	0,07	1	0,07	4	0,28
2	The Government encourages the development of the digital economy with targets up to 2030 (HM.4.6/489/SET.M.EKON.3/12/2023)	0,09	1	0,09	4	0,36
3	MSME growth is projected to reach 73 million business units in 2023	0,13	4	0,52	2	0,26
4	Digitalisation can increase sales of MSMEs	0,22	4	0,88	3	0,66
5	Collaboration with government and corporations	0,14	2	0,28	4	0,56
6	In 2022, only 25.5% of MSMEs use marketplaces	0,05	1	0,05	4	0,20
T Threats						
1	Possible changes in government regulations every 5 years	0,04				
No	Key Factors	Weight	Alternative Strategy			
			Strategy A		Strategy B	
			AS	TAS	AS	TAS
1	International geopolitics affects the national economy	0,07				
2	The national entrepreneurship ratio is only 2.89%, below the standard ratio of developed countries at 4%	0,11	1	0,11	4	0,44
3	There are 20 provinces with MSME growth rate below 0%	0,05	1	0,05	4	0,20
4	14% of villages in Indonesia do not yet enjoy 4G LTE signal services	0,03	3	0,09	1	0,03
Total QSPM			4,15		5,87	

Source: Research data, 2024

From the QSPM analysis, it was found that the brand introduction strategy through digital channels received a value of 4.15 while the second strategy of conducting post-training coaching received a value of 5.87. So it can be concluded that the second strategy is more attractive and is a strategy that will be carried out by the company in running its business.

CONCLUSION

Based on the results of the analysis that has been carried out, starting with determining the value proposition canvas, analysing external and internal factors, followed by CPM, SWOT, IE Matrix, and QSPM analysis. Through the QSPM analysis, it is shown that the post-training coaching strategy is a more promising option compared to brand introduction through digital channels. This result shows that an approach that focuses on continuous and in-depth coaching can have a more significant impact in improving the capabilities of MSMEs in the digital era. Furthermore, this strategy is recommended to be implemented more widely to achieve the desired growth and sustainability.

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