

Strategic Business Development Analysis Using the SWOT Framework: A Case Study of a Welding Services Small Enterprise

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Abstract: *Small and medium-sized enterprises (SMEs) in technical service sectors are required to continuously adapt to changing market conditions and increasing competitive pressure. Strategic planning is therefore essential to ensure business sustainability and competitiveness. This study aims to analyze the internal and external business environment of a welding services SME and to formulate appropriate development strategies using an integrated SWOT-based approach. A qualitative descriptive method was employed, with data collected through direct observation, in-depth interviews, and documentation. The analysis utilized the Internal Factor Evaluation (IFE) Matrix, External Factor Evaluation (EFE) Matrix, Internal–External (IE) Matrix, and the Grand Strategy Matrix. The results indicate that the enterprise possesses moderate internal strength and operates within a favorable external environment. The IE Matrix places the firm in a hold-and-maintain position, while the Grand Strategy Matrix identifies the firm in Quadrant I, indicating potential for growth-oriented strategies. Based on the SWOT Matrix, several strategic alternatives are proposed to enhance competitiveness and support long-term business development. This study highlights the relevance of integrated strategic analysis as a practical decision-making tool for SMEs in technical service industries.*

Keywords: *Strategic Management; SWOT Analysis; Small and Medium Enterprises; Welding Services; Business Development*

Introduction

The business environment faced by small and medium-sized enterprises (SMEs) has become increasingly complex due to rapid technological advancement, market globalization, and changing customer expectations. SMEs operating in technical service sectors, such as welding services, must compete not only on price but also on service quality, reliability, and operational efficiency. In the absence of well-structured strategic planning, many SMEs experience difficulties in maintaining competitiveness and ensuring long-term sustainability.

Strategic management literature emphasizes the importance of aligning internal capabilities with external environmental conditions to achieve sustainable competitive advantage. Firms that fail to understand their strengths, weaknesses, opportunities, and threats are more vulnerable to market uncertainty and competitive pressure. For SMEs, this challenge is often intensified by limited managerial resources, restricted access to capital, and dependence on specific customers or suppliers. Consequently, systematic strategic analysis becomes a critical requirement rather than an optional managerial activity.

One analytical framework widely applied in strategic planning is SWOT analysis, which enables organizations to evaluate internal strengths and weaknesses while simultaneously identifying external opportunities and threats. SWOT analysis is particularly suitable for SMEs

because of its flexibility and practical applicability. However, previous studies indicate that SWOT analysis alone may be insufficient if not supported by more structured and quantitative tools. The integration of SWOT analysis with the Internal Factor Evaluation (IFE) Matrix and External Factor Evaluation (EFE) Matrix allows for a more objective assessment of strategic factors and strengthens the foundation for decision-making.

In recent years, empirical research has increasingly applied integrated strategic analysis models to SMEs across various sectors, including manufacturing, services, and creative industries. These studies demonstrate that SMEs adopting structured strategic analysis tend to exhibit improved performance, clearer strategic direction, and greater resilience in competitive markets. Nevertheless, research focusing on welding service enterprises remains limited, despite their important role in supporting industrial and construction activities.

This study addresses this gap by examining a welding services SME as a case study. The research aims to analyze the firm's internal and external conditions using an integrated SWOT-based framework and to formulate strategic alternatives that support business development and sustainability. By combining SWOT analysis with the IFE Matrix, EFE Matrix, IE Matrix, and Grand Strategy Matrix, this study seeks to provide a comprehensive and practical strategic evaluation that can serve as a reference for similar SMEs operating in technical service sectors.

Methods

This study employed a qualitative descriptive research design to examine the strategic conditions of a welding services small enterprise. This approach was selected because it allows for an in-depth exploration of business phenomena based on real operational practices and managerial experiences. The qualitative descriptive method is particularly appropriate for SME studies, as it facilitates a comprehensive understanding of strategic issues within their actual business context.

The object of this study was a welding services enterprise operating in the local market, while the research subjects included the business owner and individuals directly involved in daily operational activities. These participants were selected due to their direct knowledge of business processes, strategic decisions, and challenges faced by the enterprise.

Data were collected from both primary and secondary sources. Primary data were obtained through direct observation of operational activities and in-depth interviews with the business owner. The interviews focused on internal business conditions, external environmental challenges, and strategies that had been implemented. Secondary data were gathered from internal business documents, such as records related to operations and finance, as well as from relevant academic literature, including books and peer-reviewed journal articles in the field of strategic management and SME development.

Data analysis was conducted through several systematic stages. First, internal and external strategic factors were identified based on the collected data. Second, these factors were evaluated using the Internal Factor Evaluation (IFE) Matrix and the External Factor Evaluation (EFE) Matrix by assigning weights and ratings to reflect their relative importance and the firm's responsiveness. Third, the total IFE and EFE scores were mapped into the Internal–External (IE) Matrix to determine the firm's overall strategic position. Finally, the Grand Strategy Matrix was applied to identify appropriate strategic orientations based on the firm's competitive position and market growth.

The results of these analyses were then synthesized using the SWOT Matrix to formulate strategic alternatives, including Strength–Opportunity (SO), Strength–Threat (ST), Weakness–Opportunity (WO), and Weakness–Threat (WT) strategies. These strategic alternatives were developed to ensure alignment between the firm’s internal capabilities and external environmental conditions. The proposed strategies were designed to be practical, realistic, and applicable to the operational context of the welding services enterprise.

Results and Discussion

1. Internal Factor Evaluation (IFE) Analysis

The Internal Factor Evaluation (IFE) analysis was conducted to identify and assess the key internal strengths and weaknesses that influence the performance and competitiveness of the welding services enterprise. Internal factors were identified based on direct observation, in-depth interviews with the business owner, and an examination of internal operational and managerial practices. These factors were subsequently evaluated using the IFE Matrix by assigning weights and ratings to reflect their relative importance and impact on business performance.

Table 1. Internal Factor Evaluation (IFE) Matrix of the Welding Services Enterprise

Internal Factors	Weight	Rating	Weighted Score
Strengths			
Skilled and experienced workforce	0.15	4	0.60
Quality and durability of welding results	0.14	4	0.56
Timely completion of projects	0.13	3	0.39
Customer trust and long-term relationships	0.12	3	0.36
Strategic location of the workshop	0.11	3	0.33
Weaknesses			
Limited promotional activities	0.12	2	0.24
Dependence on manual production processes	0.11	2	0.22
Basic financial management system	0.12	2	0.24
Total	1.00		2.94

Source: Processed Research Data, 2025

The results of the IFE matrix indicate that the welding services enterprise achieved a total weighted score of 2.94, suggesting that the firm’s internal condition can be classified as strong. This score reflects that internal strengths significantly outweigh existing weaknesses, indicating that the enterprise possesses adequate internal resources to support its current operations and potential business development initiatives.

The most prominent internal strengths are related to the skills and experience of the workforce and the quality and durability of welding results, both of which obtained the highest weighted scores. These strengths highlight the importance of technical competence and workmanship quality as critical success factors in welding service businesses. From a resource-based perspective, skilled labor and technical expertise represent valuable and relatively difficult-to-imitate resources that can generate competitive advantage, particularly in service-based and craftsmanship-oriented industries.

In addition, the firm's ability to complete projects in a timely manner and maintain long-term relationships with customers contributes positively to customer satisfaction and repeat business. Trust-based relationships are especially important in technical services, where service quality and reliability directly affect customer decisions. The strategic location of the workshop further supports operational efficiency and accessibility for customers, enhancing the firm's competitive position in the local market.

Despite these strengths, the IFE analysis also reveals several internal weaknesses that require managerial attention. Limited promotional activities constrain market visibility and restrict opportunities to attract new customers beyond existing networks. Furthermore, dependence on manual production processes may limit production capacity and efficiency, particularly when facing increasing demand. The presence of a basic financial management system also restricts the firm's ability to conduct systematic financial planning, cost control, and performance evaluation.

These weaknesses are consistent with findings in previous SME studies, which indicate that many technically skilled enterprises face challenges related to marketing, operational scalability, and managerial systems. Therefore, although the welding services enterprise demonstrates a strong internal position, addressing these weaknesses is essential to fully leverage its strengths and support sustainable growth.

Overall, the IFE analysis suggests that the enterprise has a solid internal foundation, supported by technical expertise and service quality. Strategic efforts should focus on strengthening managerial and promotional capabilities to enhance internal efficiency and prepare the firm for more advanced strategic initiatives.

2. External Factor Evaluation (EFE) Analysis

The External Factor Evaluation (EFE) analysis was conducted to identify and evaluate key external opportunities and threats affecting the performance of the welding services enterprise. External factors were identified by analyzing market conditions, industry trends, technological developments, and the competitive environment relevant to welding service businesses. These factors were then structured within the EFE Matrix by assigning appropriate weights and ratings to assess the firm's responsiveness to external conditions.

Table 2. External Factor Evaluation (EFE) Matrix of the Welding Services Enterprise

External Factors	Weight	Rating	Weighted Score
Opportunities			
Increasing demand for construction and metal fabrication services	0.18	4	0.72
Growth of infrastructure and property development projects	0.17	4	0.68
Opportunities for collaboration with contractors and small industries	0.16	3	0.48
Threats			
Intense competition among welding service providers	0.17	2	0.34
Fluctuating prices of raw materials (steel and metal)	0.16	2	0.32
Customer price sensitivity	0.16	2	0.32
Total	1.00		2.86

Source: Processed Research Data, 2025

The results of the EFE matrix indicate that the welding services enterprise obtained a total weighted score of 2.86, suggesting that the firm operates within a favorable external environment and demonstrates a relatively strong ability to respond to external opportunities and threats. This score reflects the presence of significant growth opportunities in the market, despite the existence of competitive and cost-related challenges.

The most prominent opportunities arise from the increasing demand for construction and metal fabrication services and the growth of infrastructure and property development projects, both of which achieved the highest weighted scores. These trends indicate a sustained need for welding services across various sectors, providing the enterprise with opportunities to expand its customer base and increase project volume. Additionally, collaboration with contractors and small industries presents an opportunity to secure more stable and long-term contracts, which may enhance revenue stability.

However, the EFE analysis also identifies several external threats that require strategic attention. Intense competition among welding service providers may lead to price competition and reduced profit margins if differentiation strategies are not effectively implemented. Moreover, fluctuations in raw material prices, particularly steel and metal, pose challenges to cost control and pricing stability. Customer price sensitivity further intensifies competitive pressure, as customers may prioritize cost over service quality in decision-making.

These findings are consistent with prior studies indicating that SMEs in technical service sectors are highly influenced by external economic conditions and competitive dynamics. As such, the ability to adapt pricing strategies, manage costs, and differentiate services becomes critical for sustaining competitiveness.

Overall, the EFE analysis suggests that the welding services enterprise is well-positioned to benefit from favorable market conditions. Nevertheless, maximizing external opportunities while mitigating threats requires strategic alignment between internal strengths—such as technical expertise and service quality—and external market demands. The integration of EFE results with internal analysis provides a crucial basis for determining the firm's overall strategic position, which is further examined through the Internal–External (IE) Matrix.

3. Internal–External (IE) Matrix Analysis

The Internal–External (IE) Matrix was applied to determine the overall strategic position of the welding services enterprise by integrating the results of the Internal Factor Evaluation (IFE) and External Factor Evaluation (EFE) analyses. This matrix provides a systematic framework for aligning internal strength with external environmental attractiveness and serves as a basis for identifying appropriate generic strategic directions.

Table 3. Internal–External (IE) Matrix

EFE \ IFE	Weak (1.0–1.99)	Average (2.0–2.99)	Strong (3.0–4.0)
High (3.0–4.0)	I	II	III
Medium (2.0–2.99)	IV	V (2.46; 2.56)	VI
Low (1.0–1.99)	VII	VIII	IX

Source: Processed Research Data, 2025

Based on the combined IFE score of 2.94 and EFE score of 2.86, the welding services enterprise is positioned in Cell V of the IE Matrix. This position indicates that the firm has relatively strong internal capabilities while operating in a favorable external environment.

However, the conditions do not yet warrant an aggressive expansion strategy, and therefore a hold-and-maintain strategic orientation is considered most appropriate.

According to strategic management literature, organizations positioned in Cell V are encouraged to focus on maintaining existing performance levels while selectively improving internal efficiency and market presence. Typical strategies associated with this position include market penetration and incremental service development, implemented with controlled risk. For the welding services enterprise, this implies strengthening relationships with existing customers, improving service reliability, and gradually expanding service offerings without significant increases in operational complexity.

The hold-and-maintain position also underscores the importance of internal consolidation. Although the enterprise demonstrates strong technical expertise and service quality, weaknesses related to promotional activities and managerial systems suggest that rapid expansion could increase operational risk. Strengthening internal processes such as financial management, workflow organization, and promotional planning is therefore essential before pursuing more aggressive growth strategies.

Furthermore, the IE Matrix findings indicate that the enterprise is strategically stable but requires targeted improvements to enhance competitiveness. This interpretation is consistent with prior research emphasizing that SMEs should prioritize internal readiness and capability development when operating in moderately attractive markets. By focusing on incremental improvements rather than radical expansion, the enterprise can better manage environmental uncertainty and competitive pressure.

Overall, the IE Matrix analysis confirms that the welding services enterprise is in a relatively favorable strategic position. The hold-and-maintain strategy provides a realistic pathway for sustaining current performance while preparing the firm for more growth-oriented strategies, which are further explored through the Grand Strategy Matrix analysis.

4. Grand Strategy Matrix Analysis

The Grand Strategy Matrix was employed to identify the most appropriate strategic orientation for the welding services enterprise by considering its competitive position and the rate of market growth. This matrix complements the IE Matrix by providing more specific strategic guidance based on the firm's relative strength within the industry and prevailing market conditions.

Table 4. Grand Strategy Matrix Position of the Welding Services Enterprise

Strategic Dimension	Low Criteria	Moderate Criteria	High Criteria
Market Growth	Stagnant market, low demand	Moderate growth, stable to increasing demand	High growth, rapid market expansion
Competitive Position	Weak, limited competitive advantage	Moderate, partial competitive advantage	Strong, sustainable competitive advantage
Position of the Welding Services Enterprise	Transitional Quadrant (I–II)		
Strategic Implications	Retrenchment / Defensive strategies	Stabilization and selective market penetration	Aggressive growth (expansion and diversification)

Source: Processed Research Data, 2025

Based on the results of the Grand Strategy Matrix, the welding services enterprise is positioned in a transitional zone between Quadrant I and Quadrant II. This position indicates that the enterprise operates in a market with moderate growth while possessing a competitive position that is developing but not yet fully dominant. Such a condition suggests that the enterprise has growth potential; however, this potential must be supported by gradual and well-planned strategic actions.

The positioning reflects that the enterprise already has internal strengths, particularly in technical expertise and service quality, but still faces limitations related to managerial systems and market penetration. Therefore, the enterprise is not yet fully prepared to implement aggressive expansion strategies. Instead, strategic efforts should be focused on strengthening internal capabilities and improving operational efficiency to enhance competitiveness.

In this transitional position, the most appropriate strategic orientation for the enterprise is stabilization combined with selective market penetration. This strategy emphasizes maintaining existing performance levels while gradually expanding market reach through improved service reliability, customer satisfaction, and relationship-building with existing and potential clients. Such an approach allows the enterprise to increase competitiveness without exposing the business to excessive operational and financial risk.

Furthermore, the results of the Grand Strategy Matrix highlight the importance of improving internal management practices before pursuing more aggressive growth strategies. Enhancements in financial management, promotional activities, and workflow organization are necessary to support future expansion. By addressing these internal limitations, the enterprise can strengthen its competitive position and move toward a more favorable strategic quadrant over time.

Overall, the Grand Strategy Matrix analysis provides a clear strategic direction for the welding services enterprise. By adopting a cautious yet progressive strategic approach, the enterprise can optimize its current strengths, minimize existing weaknesses, and prepare itself for sustainable growth in an increasingly competitive market.

5. Strategic Alternatives Based on the SWOT Matrix

Based on the integration of internal and external factors, strategic alternatives were formulated using the SWOT Matrix, which combines strengths, weaknesses, opportunities, and threats to generate four categories of strategies: Strength–Opportunity (SO), Strength–Threat (ST), Weakness–Opportunity (WO), and Weakness–Threat (WT). These strategic alternatives were developed in alignment with the enterprise’s transitional strategic position, emphasizing stabilization and gradual improvement rather than aggressive expansion.

Table 5. SWOT Strategic Alternatives

Internal / External Factors	Opportunities (O)	Threats (T)
	SO Strategies	ST Strategies
Skilled and experienced workforce	Utilize technical expertise to meet increasing demand for construction and fabrication services	Maintain service quality and workmanship to differentiate from competitors

Quality and durability of welding results	Strengthen customer satisfaction to support repeat orders and referrals	Emphasize quality standards to reduce the impact of price-based competition
Timely project completion	Improve service reliability to enhance customer trust	Maintain project timelines to retain customers under competitive pressure
Customer trust and long-term relationships	Leverage existing customer relationships to gradually expand market reach	Strengthen customer loyalty to mitigate competitive threats
Strategic workshop location	Optimize accessibility to support service efficiency	Maintain operational convenience to sustain competitiveness
Weaknesses (W)	WO Strategies	WT Strategies
Limited promotional activities	Gradually improve promotional efforts to support selective market penetration	Enhance promotion efficiency to remain competitive without increasing costs
Dependence on manual production processes	Improve operational efficiency to support controlled growth	Optimize workflows to reduce operational constraints
Basic financial management system	Strengthen financial management to support stable business development	Improve financial control to minimize operational and financial risk

Source: Processed Research Data, 2025

6. Strategic Alignment with the Transitional Quadrant

The SO strategies are oriented toward leveraging existing strengths to capture external opportunities through gradual and controlled market penetration. Rather than pursuing rapid expansion, these strategies focus on strengthening service quality, customer satisfaction, and relationship-based growth, which are consistent with the enterprise's transitional position.

The ST strategies emphasize the use of internal strengths to mitigate external threats, particularly intense competition and price sensitivity. Maintaining consistent service quality, project reliability, and customer trust is essential to sustaining competitiveness without engaging in aggressive pricing or expansion strategies.

The WO strategies focus on addressing internal weaknesses by utilizing available opportunities in a selective and incremental manner. Improvements in promotional activities and financial management are framed as supportive measures for stabilization and readiness for future growth, rather than immediate expansion.

Finally, the WT strategies are defensive in nature and aim to minimize internal weaknesses while avoiding external threats. These strategies prioritize operational efficiency, cost control, and risk reduction, which are critical for enterprises operating in a transitional strategic position.

Overall, the SWOT-based strategic alternatives are consistent with the results of the IE Matrix and the Grand Strategy Matrix. The emphasis on stabilization, internal consolidation, and selective market penetration reflects a realistic and sustainable strategic approach for the

welding services enterprise as it gradually strengthens its competitive position and prepares for potential future growth.

Conclusion

This study aimed to analyze the strategic position of a welding services small enterprise and to formulate appropriate business development strategies using an integrated SWOT-based framework. By combining the Internal Factor Evaluation (IFE) Matrix, External Factor Evaluation (EFE) Matrix, Internal–External (IE) Matrix, and Grand Strategy Matrix, the study provides a comprehensive assessment of the firm's internal capabilities and external environmental conditions.

The results indicate that the enterprise possesses relatively strong internal capabilities, particularly in technical expertise, service quality, and customer trust. At the same time, the external environment offers moderate growth opportunities driven by increasing demand in construction and metal fabrication activities. However, limitations related to promotional activities, managerial systems, and operational scalability indicate that the enterprise is not yet fully prepared for aggressive expansion.

The integration of IFE and EFE results places the enterprise in **Cell V of the IE Matrix**, suggesting a **hold-and-maintain strategic posture**. Furthermore, the Grand Strategy Matrix positions the enterprise in a **transitional zone between Quadrant I and Quadrant II**, reflecting a developing competitive position within a moderately growing market. This strategic positioning implies that stabilization and gradual capability enhancement are more appropriate than rapid or aggressive growth strategies.

Overall, the findings highlight that sustainable business development for the welding services enterprise should be pursued through internal consolidation, selective market penetration, and continuous improvement in managerial and operational practices. By adopting a cautious yet progressive strategic approach, the enterprise can strengthen its competitive position and prepare for more growth-oriented strategies in the future.

Implications

1. Theoretical Implications

From a theoretical perspective, this study contributes to the strategic management and SME literature by demonstrating the relevance of integrating SWOT analysis with structured strategic tools such as the IFE, EFE, IE Matrix, and Grand Strategy Matrix. The findings support the argument that strategic positioning frameworks remain applicable for SMEs, particularly when strategic recommendations are aligned with transitional competitive conditions rather than assuming immediate readiness for aggressive growth. This study also reinforces the importance of viewing competitiveness as a dynamic process, where firms may operate within transitional strategic positions that require stabilization and gradual capability development.

2. Practical Implications

Practically, the results provide actionable guidance for owners and managers of SMEs operating in technical service sectors, including welding services. The identified strategies emphasize the importance of strengthening internal management systems, improving promotional effectiveness, and maintaining service quality before pursuing expansion. Selective market penetration, customer relationship enhancement, and operational efficiency

improvements are recommended as realistic steps for enterprises in transitional strategic positions. These findings may also inform policymakers and business development institutions in designing support programs focused on managerial capacity building and operational readiness for SMEs

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