

STRATEGY OF LOGISTICS POWER TO IMPROVE PERFORMANCE IN FASHION INDUSTRY SECTOR

Rindang Matoati

Department, Management
Faculty Economics and Management
Bogor Agricultural University, Indonesia
Email: r.matoati@gmail.com

Rr. Siti Muslikhah

Department of Company Management
Diploma III of Economic
Universitas Islam Indonesia, Indonesia
Email: siti.muslikhah@uii.ac.id

Nisa Zahra

Department, Management
Faculty Economics and Management
Bogor Agricultural University, Indonesia
Email: nisazahra29@gmail.com

Eka Noviani Azis

Department, Management
Faculty Economics and Management
Bogor Agricultural University, Indonesia
Email: ekanoviani0811@gmail.com

Akasyah Palahuddin

Department, Management
Faculty Economics and Management
Bogor Agricultural University, Indonesia
Email: akasyahpalahuddin999@gmail.com

ABSTRACT

In the modern era there is a changing of human basic needs for apparel, that will make the business in fashion industry become interesting and increase significantly. The growth of fashion industry contributed to enhancement of stakeholder wealth, start from suppliers, small production to big production such as small medium enterprises to national companies, and distributors. There are some obstacles that face the stakeholders to slow their improving performance in Indonesia's fashion industry development, the problem is about logistics, especially in Jabodetabek area. The purposes of this research are; (1) To identify the strengths weaknesses, opportunity and threat of logistics in fashion industry. This research took place in Jabodetabek (Jakarta, Bogor, Depok, Tangerang Bekasi), (2) To formulate strategy to carry the power of logistics on effort to improve of fashion industry performance in Jabodetabek. SWOT analysis and AHP method was used to analyze the data. The results of this research is to provide a right management strategy of logistics to improve performance on fashion industry in Jabodetabek.

Keywords: *AHP; SWOT analysis; Fashion; Logistics*

1. INTRODUCTION

The development of fashion industry in developing countries is currently increasing significantly as easily adapt the technology (Hassler, 2003). Indonesia as one of the developing countries make the fashion industry as the second industry which contribute the economic development. In the year 2012 fashion industry gave to GDP amounted to IDR 164 trillion approximately up 0.5% form previous year, and based on central statistics agency, during 2007 till 2011, the export of Indonesian fashion up until 12.4%. Therefore it is an opportunity for Indonesia to grow and evolve in fashion industry.

Becoming number one in fashion industry, Indonesia still face some problems regarding of logistics. Logistics problem actually core of problems and need more special attention than other industries (www.businessoffashion.com) to achieve this, the Indonesian fashion industry still faces big obstacles associated with logistics.

Logistics problems actually become issues that need special attention from various industry sectors, logistic as one of main factor in global value chain. Indonesia as one of the ASEAN member countries, is now facing fierce competition from many other member states because it has been the entry into force of the free market in the ASEAN region (AEC). Logistics is one of the keys to achieving success in the competition in the industry. But the problem now is lack of conditions for the development of logistics industry in the country. For example, from the application of government policy in the form of tightening supervision of imported goods so many containers are stuck and cannot go into Indonesia. This makes the fashion industry in Indonesia threatened raw materials because the raw materials are mostly imported goods (Salim and Ernawati, 2015, p. 96). In addition to government policies, the condition of the infrastructure is still not good and development are not evenly be a bottleneck in the process of distributing goods fashion items that whether or not throughout Indonesia, especially the condition of Indonesia is so vast archipelagic-maritime.

Therefore to solve logistical issues, the necessary measures and appropriate strategies in order to survive and handle intense competition, especially in the fashion industry that is now increasing significantly. The formulation of these strategies will be obtained through the opinions of various experts who are competent in the field of fashion and logistically through brainstorming and SWOT analysis (Strength, Weakness, Opportunity, and Threat) and also testing with AHP (Analytical Hierarchy Process) so that the resulting strategy appropriate and applicable well for the progress of the Indonesian fashion industry.

2. LITERATURE REVIEW

2.1 Logistics

Logistics is derived from the ancient Greek meaning that Logistikos educated or proficient in estimating or calculating. Logistics (Yolanda, 2005) is defined as a part of the supply chain function-process planning, executing, controlling the effective, efficient procurement processes, management, storage of goods, services and information from a start point to the point of consumption in order to meet the needs of consumers. Meanwhile, according to Luke Dwiantara and Rumsari H.S. (2004) defines logistics as everything or tangible objects and could be treated physically, both of which are used for conducting basic activities and support activities (administration).

Based on these definitions, we can conclude that the logistics are planning,, implementation, controlling production factors effectively and efficiently in order to acquire

a barrage or services since from the point of departure to the point of consumption in accordance with customer expectations.

2.2 SWOT Analysis

According Jogiyanto (2005) , SWOT be used to assess the strengths and weaknesses of the resources of the company and the external opportunities and challenges faced According to David (2009) , all organizations have strengths and weaknesses in the functional areas of business . No company is as strong or weak in all business areas.

Strengths / weaknesses combined with the opportunities the internal / external threats and opportunity are the basis for goal setting and strategy. Goals and strategies set out with the intention of utilizing the internal strengths and overcome weaknesses.

David (2009) SWOT analysis are strength, weakness, opportunity and threat. The meanings are: strength is the resources, skills, or other advantages relating to the company's competitors are expected to be served. Strength is a special competition which gives the company a competitive advantage in the marketplace. Weaknesses are lack of resources, skills, and capabilities that effectively inhibit the performance of the company. These limitations may include facilities, financial resources, management capabilities and marketing skills. Opportunity is favorable important situation in corporate environment. The important tendency of opportunity are the changing of technology and the increasing of relationship between buyer and supplier. The threat is unfavorable situation in the corporate environment. The threat of a major nuisance for company position. The existence of government regulations that are new or revised can be a threat to the company's success.

SWOT analysis can be used in various ways to improve business analysis in determining the strategy. Generally that is often used is as a systematic guide the discussion to discuss the condition of basic alternatives which may be considered firm.

Figure 1 describe the SWOT matrix (pic. 2) can clearly describe how external opportunities and threats facing the company can be customized with its strengths and weaknesses (Rangkuti, 2006). This matrix can produce four sets of the possibility of strategic alternatives. However SWOT analysis have a weakness on priorities strategies, therefore it's needed some tools that can be used to rank the priorities in the SWOT analysis.

	STRENGTHS-S	WEAKNESSES-W
	1. 2. . . n	1. 2. . . n
	List of Strengths	List of Weaknesses
OPPORTUNITIES-O	SO STRATEGIES	WO STRATEGIES
1. 2. . . n	1. 2. . . n	1. 2. . . n
List of Opportunities	Use strengths to take advantage of opportunities	Overcome weaknesses by taking advantage of opportunities
THREATS-T	ST STRATEGIES	WT STRATEGIES
1. 2. . . n	1. 2. . . n	1. 2. . . n
List of Threats	Use strengths to avoid threats	Minimize weaknesses to avoid threats

Figure 1. SWOT Matrix (Sevkli et al, 2012)

3. METHODOLOGY

3.1 Data Collection

This type of research is qualitative by using primary data. Primary data obtained by in-depth interviews with business people in the fashion industry in the area of Jakarta, Indonesia, and then made the spread questionnaires. Sampling techniques using snowball sampling. Informants are people who are considered experts in the fashion industry. In this study, there are four experts were used that fashion business owners , local fashion designers, practitioners in the field of logistics, as well as the ministry of trade as a policy maker that handles product distribution channel.

3.2. Data analysis

3.2.1 AHP (Analytic Hierarchy Process)

AHP with expert choice 2000 as tolls was used to analyze data. AHP is a method used in the decision making process a complex issues such as the problems: planning, alternative determination, prioritization, selection policies, resource allocation, determining needs, forecasting, performance planning, optimization, and conflict resolution (Saaty, 1980). AHP capture rational picture of choices made (Chin et al, 1999) . In AHP, decision problem is structured hierarchy at different levels, the upper level is ultimate goal and the lowest level for strategic alternatives (Partovi, 1994). Some advantage using AHP as follows (Marimin, 2004), unity, complexity, interdependence, preparation of hierarchy, measurement, consistency, synthesis, bargain, assessment and consensus, repetition process.

The steps and procedures in resolving the problems with using AHP is as follows:

- 1) define the problem and set goals
- 2) create a hierarchy: Problems are arranged in a hierarchy that begins with a general purpose, carried out by sub-objectives-sub-objectives, criteria and possible alternatives at the level of the criteria.
- 3) compare the pair. The comparison is based on the "judgment" of the decision to judge the importance of an element than any other element. Comparison matrix can be seen in Table 1. This matrix illustrates the relative contribution or influence of each element on each goal level or above criteria. Where the comparative value A_i to A_j element is a_{ij} . A value determined by the rules:
 - If $a_{ij} = \alpha$, then $a_{ji} = 1 / \alpha$, $\alpha \neq 0$.
 - If A_i have the same degree of importance relative to A_j , then $a_{ij} = a_{ji} = 1$.
 - It is special, $a_{ij} = 1$, for all i .

Tabel 1. Matrix Pair Comparisons

C	A_1	A_2	A_3	A_n
A_1	a_{11}	a_{12}	a_{13}	a_{1n}
A_2	a_{21}	a_{22}	a_{23}	a_{2n}
.....
A_n	a_{n1}	a_{n2}	a_{n3}	a_{nn}

This comparative value is determined by a quantitative scale proposed by Saaty. This scale starts from 1 to 9. The comparison was done to obtain a judgment entirely of $n \times [(n - 1) / 2]$, where n is the number of elements being compared.

- Set priorities.
Prioritization is done for each element of the problem at the level of the hierarchy. This process will produce a weight or contribution to the achievement of objectives criteria. Priority is determined by the criteria which have the highest weighting. Weights are looking in the vector $W = (W_1, W_2, \dots, W_n)$. W_n value expressed relative weights to the criteria. An overall set of criteria in the subsystem.
- Determine the level of consistency, on the real situation will occur inconsistency in a person's preference. Basically AHP can be used to process data from the expert informan. However, in its application of alternative criteria assessment carried out by several multidisciplinary experts (group). The weight of votes for the assessment expressed by the groups find the geometric mean (Geometric mean) of the assessment given by all members of the group. Geometric value is defined by: x_1

GM =

Where :

GM = Geometric Mean

x_1 = Rate the 1st

x_n = Rate the nth

n = number of assessors

4. EMPIRICAL RESULTS

Depth interviews with four of expertise in the fashion industry identified five factors are the key success developing on the fashion industry in Indonesia. First the ability to realize the idea to become a fashion product; second, the ability to understand the flow of the production process; third control resource management capabilities to meet the target; fourth product quality control; efficiency and effectiveness of resources; five human resource competencies.

4.1 SWOT Matrix analysis

SWOT matrix analysis showed the eight alternative strategies to overcome the obstacles of logistics in local fashion industries strategies, identified as:

- i. Develop fashion products of SMEs for export production
- ii. Develop and enhance the unique design variations and keep abreast of the times
- iii. Adding production capacity to meet local demand
- iv. Using local raw material with local culture as the main raw material in the domestic production of fashion productsThe development and strengthening of marketing for local products of fashion.
- v. Implementation and supervision of strict legal and decisively in the face of smuggling of fashion products from overseas

External factors	Internal factors	
	Strengths (S)	Weaknesses (W)
	<ul style="list-style-type: none"> ➤ High creativity ➤ Nice stitching results ➤ The number of potential workers ➤ The number of SMEs engaged in the field of fashion. 	<ul style="list-style-type: none"> ➤ The raw material is imported ➤ Less funding for development ➤ Expensive logistics costs
Opportunities (O)	SO strategy	WO strategy
<ul style="list-style-type: none"> ➤ Indonesia will become a center of Muslim fashion world ➤ Ease of entry into Southeast Asia market through free market policy of AEC 	<ul style="list-style-type: none"> ➤ Develop fashion products of SMEs for export production. (SO1) ➤ Develop and enhance the unique design variations keep abreast of the times. (SO2) ➤ Adding production capacity to meet local demand. (SO3) 	<ul style="list-style-type: none"> ➤ Using local raw materials with local culture as the main raw material in the domestic production of fashion products. (WO1) ➤ Production efficiency with the use of resources (raw materials and costs) to produce the low-cost products with good quality and able to meet the market demand. (WO2)
Threats (T)	ST strategy	WT strategy
<ul style="list-style-type: none"> ➤ Competition with imported products that are cheaper ➤ Ease of goods imported into Indonesia ➤ Lots occurrence of black market goods into the country ➤ Fashion of local products is still underestimated by the people of Indonesia itself 	<ul style="list-style-type: none"> ➤ The development and strengthening of marketing for local products of fashion. (ST1) 	<ul style="list-style-type: none"> ➤ Implementation and supervision of strict legal and decisively to face of smuggling of fashion products from overseas. (WT1) ➤ Determination of entry of imported goods policies with the terms use 80% of local content. (WT2)

Figure 2. SWOT MATRIX RESULTS

4.2 AHP Analysis

Figure 3 showed the AHP model for fashion industry. AHP evaluated four points need to be evaluated which are ultimate goal, factor, and alternative strategies. From the top table the ultimate goal is choosing best logistics strategies for improving performance in local fashion industry. Second table are factor as key role to reach the ultimate goals. The factors are described in depth interview. Third table are actors responsible for the performance fashion industry, there are the owner of fashion industry itself, the logistics manager who are responsible on the distribution of branded clothing, local fashion designer, and also the expertise from ministry of trade responsible handling in retail industry in Indonesia. Fourth table contains eight alternative strategies of SWOT analysis. The result capture clear information the best factor, actor and also strategy to improve logistics in local fashion

industry.

4.2.1 Factor Improving Performance of Fashion Industry

The analysis results showed controlling product quality as the main factor to overcome the problems on fashion industry, and increase the performance of fashion industry with the point 0.33. Second factor is the ability to control resources to meet the production target (0.25). Third factor is the efficiency and effectiveness on using the resources. Fourth; the ability to know the production flows (inflows and outflows). Fifth; human resource competency; and the last is the ability to realize the idea to become end product.

Nowadays customers have fairly high awareness good quality products, Unfortunately Indonesia is declining on quality of clothing/apparel export product to EU, the market share performance decrease for the last decade (Farole and Wrinkle, 2012). The main problem for the quality of product is the old machinery and technology to make the product (Rayadiani, 2015) Therefore using updated technology especially new machinery is the good solution for Indonesia to compete in fashion industry, and for SME's it needed government support to facilitate the machinery.

4.2.2 Role of Actor in Improving Fashion Industry.

There are 4 expertise's has been used as informan of the studies. The key actor for fashion industry is the owner with point (0.503), second is logistics (0.301) and the third is trade minister (0.196). The success of logistics performance in fashion industry could not be separated from the internal within the company, namely the business owner of fashion itself. The owner of fashion should be able develop product from upstream to downstream., In order to be sustainable required visionary leadership of owner that is not easily satisfied with the results of existing. The visionary leadership continue to innovate and continue to seek opportunities. The problem is many fashion entrepreneurs feel comfortable with your current position, and discontinue to innovate the product.

4.2.3. Strategies Improving Fashion Industry

As explain above, SWOT analysis describe the alternative strategies for improving fashion industry, unfortunately it lack of priorities. AHP could solve the problem and making same ranks for the strategies. From pic 3 it could be showed that the main strategy is the development and strengthening of marketing for fashion products in the country (0.152).

The market share of Indonesia in the world only 1.1%, the biggest still hold by RRC 47.2% (Rayadiani, 2015). Nowadays consumer realize fashion become important in their activity, it reflected their status, trend and also the personality. Therefore the actor for in fashion industry should be cooperated to increase the market share. The owner, designer should campaign their local fashion branding, and the role of media is important to promote the product collaboration between supplier, fashion designer, owner should be created, and Indonesia would become a key player in global value chain (www.jakartafashionweek.co.id)

Frederick (2010) revealed here are 6 level to sustain in global value chain such as, first; research and development, second; design, third; production; fourth purchasing and distribution; fifth; marketing and sixth; services. From the AHP analysis above it could be described the top priorities for factor, actor and also strategies for improving fashion industry in Indonesia. The main problem is the controlling quality of product and the priority strategy is development and strengthening marketing. Expanding the market should be maintain for the quality of product and for SME in fashion industry it should need supporting from government, NGO, and other part to improve the capabilities of making product. The weakness of AHP is the hierarchy itself,

5. CONCLUSION

Fashion industry has a significant role in the economy, exports, and employment in Indonesia. Free trade policies create the challenges and barriers for Indonesia especially fashion industry. The main thing that must be addressed is the improvement of product quality. To increase market share in addition to the quality of the products also through the development and strengthening of the domestic fashion market by enhancing the role of the media as a means of promotion, , collaboration from upstream to downstream from supplier to retailer and also the importance of increasing local promotions for branding .

ACKNOWLEDGEMENT

The author would like to thank all those who helped in the completion of this study, especially the respondents in the fashion industry and trade minister, logistics company, fashion designer who have helped the completion of the study.

REFERENCE

- David, HJ. (2009). *Strategic Management*. Translation by Julianto Agung. Edition 2. Yogyakarta: Airlangga.
- Jogiyanto. (2005). *Strategic Information Systems for Competitive Advantage*, Yogyakarta: Andi Offset.
- Rangkuti, Freddy. (2006). *SWOT Analysis Techniques Dissecting the Business Case*. Jakarta: Gramedia Pustaka Utama
- Sevкли, M; Oztekin, A; Uysal, O; Torklak G; Turkyilmaz, G; Turkyilmaz, G and Delen, D. (2012). Development of Fuzzy ANP Based SWOT Analysis for The Airlines Industry. *Journal of Expert System with Applications*, 39, 14-24.
- Thomas L, Saaty. (1993). *Decision for Leaders, Analytical Hierarchy Process for Decision-making in a Complex Situation*. Jakarta: Pustaka Binama Pressindo.
- Wirabrata, Achmad. (2013). *Improved Logistics Performance Index (LPI) and low Supporting Infrastructure*. Assessment Center, Data Processing and Information. The Secretariat General of the Council of Representatives of the Republic of Indonesia.

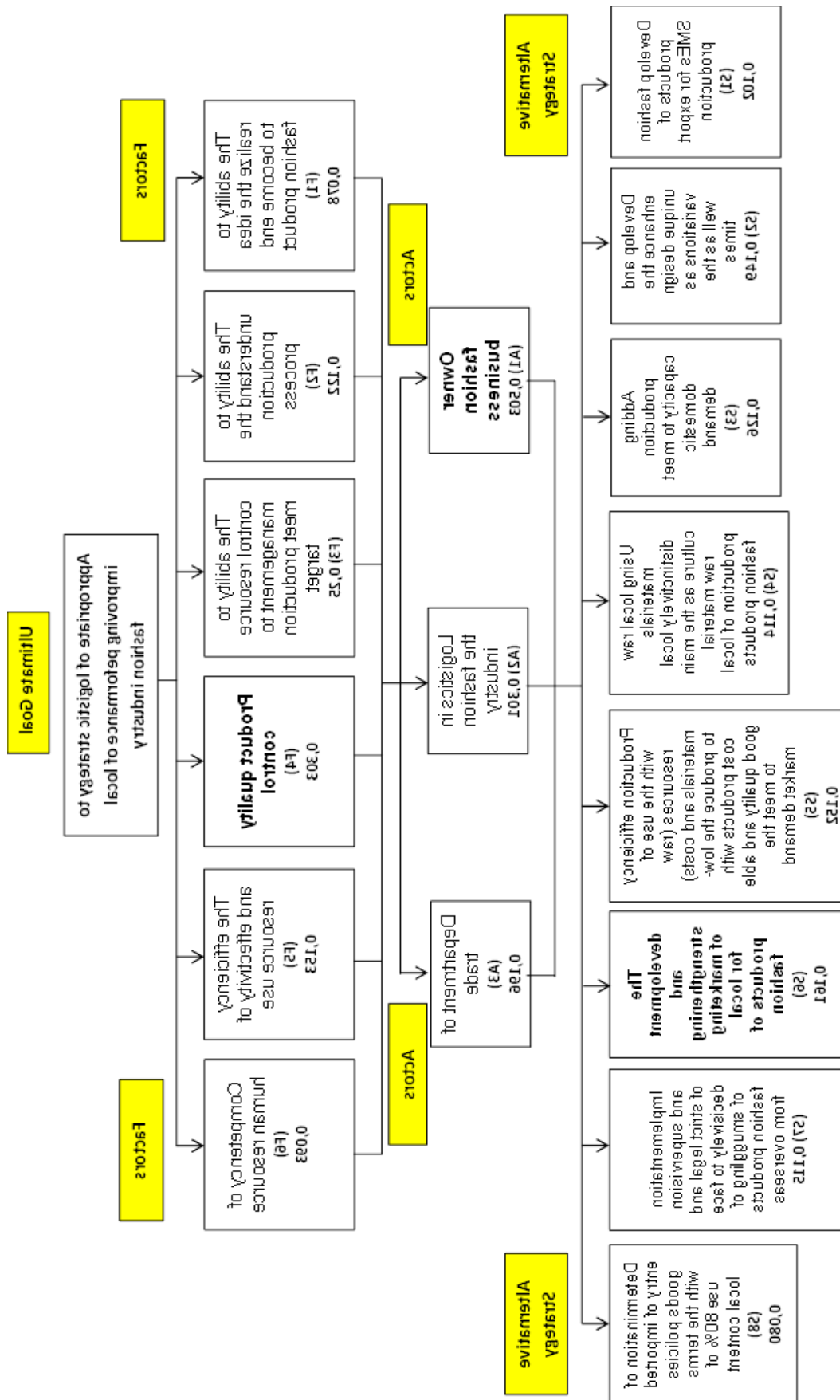


Figure 2. RESULT OF AHP MODEL