

# SWOT Analysis: Strategies to Accelerate Economic Growth of Provinces in Java Island

Apip Supriadi<sup>1\*</sup>, Gusti Tia Ardiani<sup>2</sup>, Jumri<sup>1</sup>, Aliyuddin M<sup>1</sup>

<sup>1</sup>Department of Development Economics, Faculty of Economics and Business, Siliwangi University, Indonesia

<sup>2</sup>Department of Management, Faculty of Economics and Business, Siliwangi University, Indonesia

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\*Corresponding author: Apip Supriadi

Department of Development Economics, Faculty of Economics and Business, Siliwangi University, Indonesia

## Abstract

The purpose of this research is to determine the internal and external factors that affect economic growth, then determine strategies to increase economic growth in 6 (six) provinces in Indonesia. The research method uses descriptive analysis with SWOT analysis tools. The results of the study are appropriate strategies to accelerate the economic growth of the Province in Java Island, including: improving infrastructure, developing special economic zones, promoting tourism and cultural heritage, encouraging innovation and technology, regional development planning and sustainable development practices.

**Keywords:** SWOT analysis, economic growth, tourism.

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## INTRODUCTION

Indonesia is a country with huge regional diversity and rich natural resources. However, economic growth in each region is still very uneven, with some regions growing rapidly while others are still lagging behind. The economic growth rate in Indonesia in 2011-2021 still shows inequality between regions. During this period, some regions experienced high

economic growth, while others experienced low economic growth. This inequality is caused by various factors, such as unequal distribution of resources, dependence on certain economic sectors, and lack of investment in the regions. The following is the development of economic growth rates in several provinces in Indonesia.

**Table 1: Economic Growth Rate 2011 - 2021**

Province	Year										
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
DKI Jakarta	6,73	6,53	6,07	5,91	5,91	5,87	6,20	6,11	5,82	- 2,39	3,56
West Java	6,50	6,50	6,33	5,09	5,05	5,66	5,33	5,65	5,02	- 2,52	3,74
Central Java	5,30	5,34	5,11	5,27	5,47	5,25	5,26	5,30	5,36	- 2,65	3,33
DI Yogyakarta	5,21	5,37	5,47	5,17	4,95	5,05	5,26	6,20	6,59	- 2,68	5,53
East Java	6,44	6,64	6,08	5,86	5,44	5,57	5,46	5,47	5,53	- 2,33	3,56
Banten	7,03	6,83	6,67	5,51	5,45	5,28	5,75	5,77	5,26	- 3,39	4,44

Source: BPS, data processed

In addition to the factors mentioned above, there are several other factors that also affect economic growth in Indonesia, such as the availability of infrastructure, the level of education and skills of the

workforce, political stability and security, and government policies that support economic growth. Another problem is that regional economic growth in Indonesia is still very uneven and some regions are still

lagging behind. Therefore, the problems to be answered in this study are what factors affect economic growth and what is the right strategy to accelerate economic growth. Therefore, it is necessary to conduct an in-depth analysis of the factors affecting economic growth in each region in Indonesia in order to formulate appropriate policies to accelerate economic growth. In this case, comparative analysis between regions in Indonesia can provide useful information to identify key factors affecting economic growth and provide recommendations for appropriate strategies to accelerate economic growth in the region.

## OVERVIEW

### Strategic Management

Strategic management is an activity that affects the behaviour of individuals in their efforts to formulate and implement the strategic needs of the organisation [1]. Another opinion states that a system is a unity with the ability of components that are interconnected and influence each other, and move simultaneously in the same direction [2]. The first component is strategic planning (vision, mission, goals), the second component is operational planning (operational goals or objectives, implementation of management functions in the form of organising functions, implementation functions and budgeting functions, situational policies, internal and external work networks, control functions, and evaluation and feedback. Based on these characteristics, it can be seen that many factors will affect the level of intensity and formality of its implementation in the organisational environment, such as the size of the organisation, the management style of the leadership, the complexity of the ideological environment, socio-political, socio-economic, socio-cultural, including population, government regulations as external challenges. In addition, internal challenges can also be the ability to translate strategy into a process or series of work implementation activities as an effective, efficient and quality public service.

### SWOT Analysis

SWOT analysis is used to determine the internal factors (strengths and weaknesses) of the company as well as external factors (opportunities and threats) faced by the organisation. SWOT analysis is a useful analysis to get the right strategy formulation [3, 4]. SWOT analysis has advantages including being able to detect every weakness and strength possessed by an organisation, so that it is useful in minimising the impact or consequences that will occur in the future [5]. Internal and external factor analysis is one of the SWOT analysis methods that can be used to identify internal and external factors that exist in the organisational environment. Furthermore, internal and external factors can be identified and how they affect the organisation.

There are several theories that can support research on strategies to accelerate economic growth in provinces in Java. Here are some relevant theories:

- **Economic Growth Theory:** This theory focuses on the factors that drive the economic growth of a region. Economic growth theory can be used to analyse the factors that influence economic growth in the provinces in Java, such as investment, innovation, and infrastructure development [6-9].
- **Location Theory:** This theory discusses the importance of geographic location in economic development. Location theory can be used to analyse the strategic location of Java Island and how it can support economic growth through accessibility, connectivity and market access. [10-3]
- **Tourism Theory:** This theory studies the factors that influence the development of the tourism sector and its impact on economic growth. In the context of this research, tourism theory can support the analysis of tourism potential in Java and how the development of the tourism sector can accelerate economic growth in these provinces [3, 14-17].
- **Regional Development Theory:** This theory focuses on economic and social development at the regional or local level. In this study, regional development theory can be used to analyse how regional development planning can address inequality between rural and urban areas in Java [13, 18-21].
- **Innovation and Technology Theory:** This theory studies the role of innovation and technology in spurring economic growth. Innovation and technology theory can support this research by analysing how innovation development and technology adoption can improve productivity and competitiveness in Java [7, 22-25].

## RESEARCH METHODS

This research will use descriptive and comparative methods. The descriptive method is used to describe the characteristics of the area under study, the analysis tool used is SWOT analysis.

## RESULTS AND DISCUSSION

SWOT analysis is used to formulate economic development strategies in underdeveloped regions by considering internal and external factors that affect regional economic growth. SWOT analysis is an analytical method commonly used in strategic planning to evaluate the strengths, weaknesses, opportunities, and threats of a region or organisation. By conducting SWOT analysis, researchers can identify factors that affect economic growth and formulate appropriate economic development strategies to increase regional economic growth [26]. The data used in SWOT analysis can come from various sources, including secondary data such as government reports, academic publications, and other data sources. This secondary data can be used to analyse the strengths, weaknesses, opportunities and threats of the region to be studied. In addition, primary data such as survey results and interviews with regional stakeholders can also be used to support the SWOT analysis.

In this case, we will conduct a SWOT analysis to design a strategy to accelerate economic growth in the provinces in Java.

**Strength**

- **Strategic Location:** Java Island has a strategic location in Indonesia, being the most populated island in the country and hosting the capital city, Jakarta. It offers easy access to markets, transport networks, and infrastructure.
- **Infrastructure Development:** Compared to other regions, Java Island generally has better infrastructure, including roads, ports, airports, and communication networks. This provides a solid foundation for economic growth.
- **Skilled Labour:** Java has the advantage of a large skilled workforce due to its higher education institutions and urban centres. This can attract investors and support the growth of various industries.

**Weaknesses**

- **High Population Density:** High population density in Java may lead to overcrowding and pressure on resources, infrastructure and public services. This may hinder efficient economic development.
- **Inequality between Rural and Urban Areas:** There are often imbalances in development between rural and urban areas in Java. Ensuring balanced growth in all areas can be challenging.
- **Environmental Damage:** Industrialisation and urbanisation on Java Island have led to environmental challenges such as pollution, deforestation and land degradation. These issues need to be addressed to ensure sustainable economic growth.

**Opportunities**

- **Tourism Potential:** Java Island offers a wide range of natural and cultural attractions, including historical sites, national parks, and scenic landscapes. Capitalising on these assets can boost

tourism and related industries.

- **Investment and Trade:** There is potential to attract domestic and foreign investment in Java. By offering favourable investment policies, incentives, and infrastructure, the region can become a hub for international business and trade activities.
- **Technological Advancement:** Adopting technological advances and promoting innovation can improve productivity, efficiency and competitiveness across industries. This can open up new opportunities for economic growth.

**Threats**

- **Natural Disasters:** Java Island is vulnerable to natural disasters such as earthquakes, volcanic eruptions and floods. These events can disrupt economic activities and infrastructure, requiring disaster preparedness and mitigation measures.
- **Global Economic Uncertainty:** External factors such as global economic fluctuations, trade wars, or geopolitical tensions may affect the economy of Java Island. Being aware of these uncertainties and diversifying economic activities can help mitigate potential risks.
- **Social and Political Instability:** Social and political instability can have a negative impact on economic growth. Ensuring stability, good governance and social harmony is essential for sustainable development.

After the factors are grouped based on the SWOT quadrants, the next step is to enter them into the SWOT matrix. The SWOT matrix is an analytical tool used to describe the strategic position of an organisation or region by mapping the SWOT factors into four cells or quadrants. Furthermore, these factors can be processed and analysed to determine the appropriate economic development strategy.

Here is an example of a SWOT matrix for the factors that have been classified:

**Table 2: SWOT Analysis**

Internal Factors		(Strength)	(Weakness)
		<ul style="list-style-type: none"> <li>• Strategic Location</li> <li>• Infrastructure Development</li> <li>• Skilled Labour</li> </ul>	<ul style="list-style-type: none"> <li>• High Population Density</li> <li>• Inequality between Rural and Urban Areas</li> <li>• Environmental Damage</li> </ul>
External Factors		Opportunity	<ol style="list-style-type: none"> <li>1. Improving Infrastructure</li> <li>2. Developing Special Economic Zones</li> <li>3. Promoting Tourism and Cultural Heritage</li> <li>4. Encouraging Innovation and Technology</li> <li>5. Regional Development Planning</li> <li>6. Sustainable Development Practices</li> </ol>
		(Threat)	

**Source:** Data processed

Furthermore, the data contained in the SWOT matrix can be processed by analysing each cell or quadrant to determine the right strategy to develop the economy in the region.

Strategies to Accelerate Economic Growth in Java:

1. Improving Infrastructure: Continue to invest in improving transport networks, energy supply and digital infrastructure to facilitate the efficient movement of goods, services and information across the island.
2. Develop Special Economic Zones: Establish special economic zones in strategic locations, offering tax incentives, easy regulation, and infrastructure support to attract domestic and foreign investors, driving industrial growth and job creation.
3. Promoting Tourism and Cultural Heritage: Invest in promoting the Island's diverse tourism offerings, including historic sites, natural wonders and cultural experiences. Develop sustainable tourism practices and infrastructure to attract domestic and international travellers.
4. Fostering Innovation and Technology: Foster a culture of innovation by supporting research and development, entrepreneurship, and technology adoption across industries. Collaborate with educational institutions and the private sector to develop a skilled workforce and support a vibrant startup ecosystem.
5. Regional Development Planning: Implement balanced regional development policies to address disparities between rural and urban areas. Focus on improving access to quality education, health care, and basic services in less developed areas to reduce disparities.
6. Sustainable Development Practices: Paying special attention to sustainable development practices by taking into account the environment, natural resources, and social aspects. Promote sustainable and inclusive economic growth by considering the needs of future generations.

## CONCLUSIONS

Appropriate strategies to accelerate the economic growth of the Province in Java Island include: improving infrastructure, developing special economic zones, promoting tourism and cultural heritage, encouraging innovation and technology, regional development planning and sustainable development practices.

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