

Pawn Company Internal Factor Analysis

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Excellence

ABSTRACT

In the midst of competition in the conventional pawn business after the COVID-19 pandemic, a strategy is needed to attract consumers to do their pawn transactions. We offer a solution by providing an application where consumers do not need to come to the shop to pawn their goods anymore. With an easy-to-use application by all groups and pick-up systems for the goods that wanted to be pawned, it is a new breakthrough in the business. Internal factor analysis is carried out to determine the advantages of the pawn application based on the resources and capabilities that the company have in order to determine the right competitive strategy. The analysis of those internal factors in the pawn business is carried out through demand analysis, analysis of competition, resource and capability assessment, VRIO analysis, and also strength and weakness analysis by matrix. Based on these analyses, it is known that there are several strengths of this business that can become the competitive advantages and weaknesses that must be improved in order to compete better with other pawn companies.

INTRODUCTION

In recent years, the business world has changed very quickly with market conditions that continue to change and force all parties involved to adjust themselves so that their existence is not forgotten by the community and wins competition with other businesses. During this COVID-19 pandemic, the pawn Business is one of the businesses that is increasingly mushrooming in Indonesia, especially for conventional pawn businesses that are easy to find, both in big and small cities (Bakhri, Jaelani, & Listiani, 2022). This is related to the economic condition of the Indonesian people for 3 years The last year has changed due to policies related to PSBB and massive layoffs from companies undergoing restructuring (Muhyiddin & Nugroho, 2021).

In 2019, before the COVID-19 pandemic, the number of conventional pawn companies that had official licenses from the Financial Services Authority (OJK) reached 86 companies consisting of 1 government-owned pawn company and 85 conventional private pawn companies with total assets reaching 54,116 billion rupiah. In 2021, the number rose to 23.4% with 112 companies consisting of 1 government-owned pawn company and 111 Conventional Private Pawn Company with total assets reaching 67,016 billion rupiah ((OJK), n.d.).

This condition proves that there is quite fierce competition in the pawn business world so that companies must understand the resources they have and how to use them to be superior to other pawn companies (Toh & Miller, 2017). This requires an analysis of internal company factors so that the company can assess what resources and advantages it has and determine the right strategy to compete well, both domestically and globally (Taglioni & Winkler, 2016). Internal factors are a set of variables that a company can control that can include profitability, dividend payments, company size, and relative market share (Sujoko & Soebiantoro, 2007).

An application that is a transformation from the conventional pawn business that highlights the concept of digitalization and carries the *pick-up* concept, namely consumers can apply for a pawn online through the application and wait for the officer to assess and pick up goods at home, without having to go to the pawn office is a breakthrough in the pawn business (Chuen & Deng, 2017).

To know the resources and advantages that these applications and systems have and make them superior to other pawn companies to be able to stay alive, operate, and known by the public, it is important to conduct an analysis of internal factors in order to find the right competitive advantage and strategy to compete.

METHOD

Internal factor analysis is used to determine the *competitive advantage* of a company (Distanont & Khongmalai, 2020). In this article, internal factor analysis is carried out through *demand analysis*, *competition analysis*, *resource* and *capability* assessment, VRIO analysis, and strength and weakness analysis.

Demand analysis aims to find out market demands or demands, including consumers, and what efforts have been made to meet demands aforementioned. *Analysis of competition* is carried out by comparing the advantages of this application with its competitors, namely other pawn companies (Adom, Nyarko, & Som, 2016). This is done to find out the advantages that become the competitiveness of this application.

Resource and capability assessment is carried out by scoring based on two main criteria, namely the level of importance and strength and weakness when compared to competitors (Boly, Morel, & Camargo, 2014). *Resources* are tangible and intangible assets that companies can use to create and implement corporate strategies. While *capability* is part of the company's resources that can allow the company to take full advantage of using other resources (Barney & Hesterly, 2015). *Resources* dan *capabilities* akan membentuk keunggulan kompetitif (*competitive advantage*) perusahaan.

VRIO (*Valuable, Rare, In-imitable, and Organized*) analysis is an analysis conducted to measure the competitive level based on *the resources* owned by the company. This analysis aims to analyze the company's resources, capabilities, and competencies as a source of competitive advantage (Yudiono & Iqbal, 2019). *Valuable* means that the resources owned by the company have value if they can be used to create opportunities or overcome threats. *Rare* means that resources should not be 'common' to ensure a competitive advantage as a side effect of having *valuable* resources. If these *valuable and rare resources* are easily replicated, other competitors will replicate quickly and their potential as a competitive advantage will also be lost, so it is necessary to ensure that the resources owned by the company cannot be replicated including their socially complex nature, legal copyright, or lengthy imitation process. Competitive advantage is known to

come from the way companies utilize organizational processes to produce *intermediate* products that are between primary resources and final products (Cardeal & António, 2012). VRIO analysis is carried out by assessing *resources* and *capabilities* based on the four factors previously described tersebut.

Analisis faktor internal terakhir menggunakan matriks *internal factor evaluation* yang digunakan untuk merangkum dan mengevaluasi faktor internal perusahaan dalam rangka determine the strengths and weaknesses of the company. This matrix can also be used to provide a basis for identifying and evaluating relationships between functional areas of a business.

RESULTS & DISCUSSION

Demand Analysis

Demand analysis of this application produces several points that illustrate efforts to meet customer demands as users of the application in the form of electronic payments (C10), services (C1), special services for loyal consumers (C3), and resource strategies (R3). Electronic interest installment payments can be accessed through banks or *fintech* available at minimarkets such as OVO, GoPay, or Shopee Pay. Application employees will assess the price of the goods to be mortgaged, then inform the finance department about the amount of money that needs to be given to consumers through bank accounts.

In relation to services, attractive and easy-to-use application features are provided by consumers, equipped with *storage* media to *mail servers* with a high level of data security facilitated by *Microsoft Azure* and *Alibaba web services*, and provide ball pickup services so that consumers do not need to come to the pawn office to pawn their goods. In addition to *software*, this application offers a ball pickup service for mortgaged goods, so consumers do not need to come directly to the office to pawn their goods. This service provides convenience, especially during restrictions on outside activities due to policies related to the COVID-19 pandemic.

This business provides special services for consumers with a good reputation in the form of *cashback* to a decrease in installments for subsequent transactions. In addition to the services already mentioned, having reliable human resources in the field of price assessment to complement digital price assessment is also needed.

Analysis of Competition

Analysis of competition produces points that show the competitiveness of these applications and systems against other similar businesses. These points include digital promotion (C9), reputation (C2), trust (C4), capital (R1), variety of mortgaged goods (R2), attractive applications and design features (C5), HR management strategy (C6), conducive work environment (C7), and competitive interest (C8). This business promotes through *digital media advertising* through social media such as *Facebook* which is familiar to the public and *banners* in public places with target consumers who need fast cash funds.

Digital marketing must be carried out by competent employees so that the company must carry out a development strategy with *knowledge management* carried out by all employees and supported by management. As a newly established company, it is very important to build *branding awareness* as the first step to be able to live, survive, and compete in the business world.

In order to build consumer trust which is an important part of promotion, this business will serve consumers in a good way through the procurement of a letter of agreement signed by both parties containing the rights and obligations of each party. Trust is a person's willingness to be vulnerable to action. The other party is based on the expectation that the other party will perform certain actions that are important to the *trustor*.

In addition to promotion *and branding awareness*, other points that become the competitiveness of this business are the variety of mortgaged goods which include electronic goods, two-wheeled vehicles, and accessories as well as mobile applications with user-friendly displays available for Android and iOS users so that consumers can access and transact anytime and anywhere. Competitive interest rates of 5% for MSMEs and 7% for individual consumers are other points that can cause this business to be superior to similar businesses. For employees, one of the points that can cause this business to excel is a comfortable and conducive work environment with facilities for employees to relieve fatigue and collaborate and discuss in the context of employee self-development.

Resources and Capabilities

Resources from this business include capital, variety of mortgaged goods, and human resource strategies. *The capabilities* of this business include service, reputation, special services for loyal customers, trust, attractive application and design features, HR management strategies, a conducive work environment, competitive interest, digital promotion, and electronic payments.

In building a new business, large funding is needed, especially to fund the company's operational activities. For pawn applications, funding is certainly needed to pay the pawn fee of goods mortgaged by consumers. This pawn application accepts various electronic items and 2-wheelers to pawn. The wide variety of goods accepted for pawning can attract the attention of consumers and prevent consumers from using other pawn services. In addition to these two *resources*, reliable human resources in estimating prices can also be a strength for applications in gaining consumer trust. Therefore, a strategy is needed to obtain and manage these reliable human resources.

Excellent service to consumers is an important ability of the application to build popularity among consumers and the public (Tsimonis & Dimitriadis, 2014). This popularity is the capital for new financial services business services to be able to operate and attract consumers (Vasiljeva & Lukanova, 2016). Special services for loyal consumers, the existence of a letter of agreement, attractive applications and design features, competitive interest, and electronic payments are capabilities that will provide convenience for consumers who use the services of the pawn application, so they will be reluctant to turn to other pawn services. HR management strategies and a conducive work environment can improve the ability of employees so that they can provide the best service for consumers. Digital promotion carried out by experts in the field of *digital marketing* through *online* media is an important part of people's lives today to attract potential customers.

Based on the following assessment, key strengths *and* key weaknesses *can be described* in the following hypothesis.

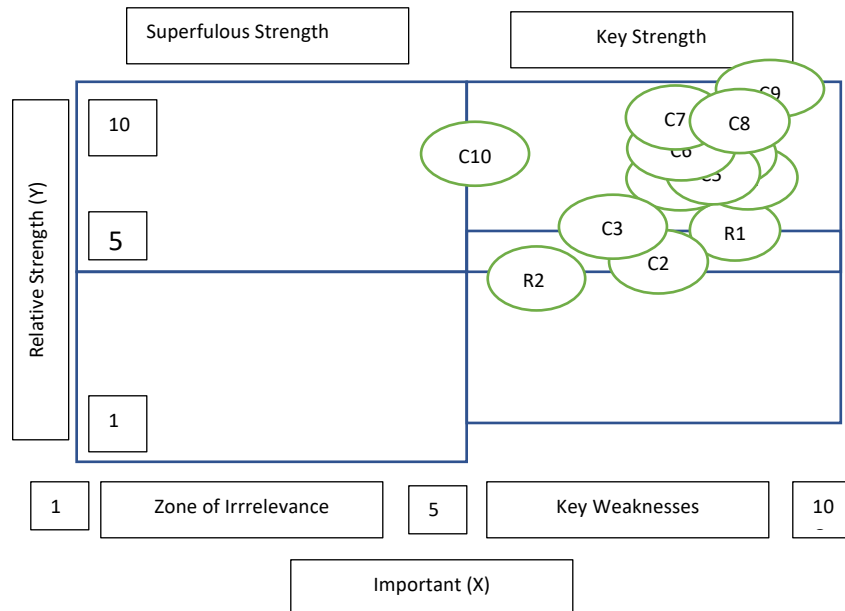


Figure 1. Key Strengths and Key Weaknesses Hypothesis

Analisis VRIO

Based on the results of VRIO (*Valuable, Rare, In-imitable, and Organized*) analysis, the advantages possessed by this business are divided into *temporary competitive advantage that applies in the short term and sustained competitive advantage that applies in the long term*. *Temporary competitive advantage* is a competitive advantage that only meets most of VRIO's criteria which include digital promotion, best service, and capital. Meanwhile, *the sustained competitive advantage* of this business that meets all VRIO criteria includes competitive interest, attractive application and design features, and HR strategies.

CONCLUSION

Based on the results of internal factor analysis, it can be concluded that the strengths of this business are:

1. *Digital* advertising and social media that are maximized for promotion,
2. The process of disbursement of funds after the assessment of the price of goods,
3. The choice of the consumer to refer all existing banking,
4. Professional and superior human resources built through *knowledge management programs*,
5. Ball pick-up service,
6. Low interest.

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