



Agroindustry Development Strategy in Kefamenanu City (Case Study on Sularso Chips Business)

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Abstract

The research on chips business aims to determine the strategy for developing chips (banana and cassava) business in Kefamenanu City. Data analysis method used in this research is descriptive qualitative analysis method, income analysis, SWOT analysis. The sample is the owner of his own business, namely Uncle Sularso. The results showed that the coordinates of 0.16 ; 0.66 were in quadrant I, meaning that the chips (banana and cassava) business was very good to be developed by taking advantage of opportunities and strengths to minimize threats and weaknesses. Through the SWOT matrix obtained 7 strategies in the chips business (bananas and sweet potatoes) that need to be applied in the business, namely improving product quality, increasing production, innovating products, increasing capital, recruiting workers and conducting business licensing in order to obtain business capital and can increase business for develop.

Keywords: Agroindustry, Chips, Development strategy

A. Introduction

Small and Medium Enterprises (SMEs) SMEs in Indonesia are a form of business in improving the economy of the community, SMEs can also be the basis for encouraging the people's economy so that they are able to overcome the problem of low income in business, or overcome poverty and employment. the country's economic resilience (Putu & Dewi, 2014). SMEs have a very important role in increasing economic growth for business actors. In its development, SMEs have contributed a lot to the national economy, including providing a role in applying a lot of labor so as to assist the government in solving unemployment problems, expanding employment opportunities, increasing people's income and contributing to state income.

East Nusa Tenggara Province is one of the provinces that has many small and medium enterprises (SMEs) that have products and various existing products. The industrial sector also experienced growth in East Nusa Tenggara Province, starting with small and household-scale industries, better known as Small and Medium Enterprises (SMEs). The industry in NTT is still domiciled by the snack food processing industry, followed by the weaving and weaving industry, the woodworking industry, especially household furniture and other service industries. The number of micro, small and medium enterprises (MSMEs) in the province of East Nusa Tenggara is 104,188 MSMEs. For small and micro businesses there are more than 24 thousand and medium businesses there are around 1,030 MSMEs (Editor of Suara NTT, 2020).

The people of North Central Timor Regency are one of the regencies in East Nusa Tenggara Province that have small and medium enterprises (SMEs) engaged in processing agricultural commodities, namely bananas and sweet potatoes which are processed into chips. North Central Timor Regency in 2019 the number of SMIs at the Industry and Trade Service was 490 SMIs, most of which 418 were in the agricultural sector, consisting of 339 food SMIs, 48 massage oil IKMs, 9 herbal drink IKMs, 7 ikat weaving IKMs and 15 furniture . (Department of industry and trade, 2019). Sularso Chips is a home industry that has been operating in Kefamenanu City for a long time, where this SME has been established for 13 years. UKM Sularso processes agricultural materials into processed products, namely from raw materials bananas and sweet potatoes processed into chips, and this processed product is apparently liked by the people of Kefamenanu as a snack that many people like.

Processing and changing the shape, and taste of agricultural products will produce new added value that can affect higher selling prices. To obtain the added value of a product, it is necessary to carry out a further processing process from semi-finished goods into finished goods by adding flavor to gain the attraction of every consumer (Imran *et al.* , 2014) . An appropriate development strategy is needed for Sularso SMEs in order to increase business scale and overcome competition from similar businesses, such as: 1) improving service and product appearance; 2) standardize products; 3) increase the amount of production; 4) expand market development (Ira Rukayah, Shorea Khaswarina, 2015).

B. Methodology

This research was carried out at Uncle Sularso's Chips Business on Jalan Kartini, Kefamenanu City, North Central Timor Regency in August 2021. This research is a case study research so that the population is Chips Business (bananas and sweet potatoes) in Kefamenanu City. This research is a case study research so that the population is Uncle Sularso's Chips Business in Kefamenanu City, with the reason that this business has been initiated since 2007 until now. The data collected in the form of qualitative and quantitative data.

SWOT analysis is a strategic planning method used to evaluate *strengths* , weaknesses (*weaknesses*) , opportunities (*opportunities*) , and threats (*threats*) in a project or a business speculation. SWOT analysis helps combine various environmental trends (opportunities and threats) with the organization's internal capabilities. SWOT analysis identifies the environment with great care. Moreover, at the same time a SWOT analysis identifies the strengths and weaknesses of the organization. This analysis aims to analyze risk by assessing organizational strengths and weaknesses related to opportunities and threats faced by the organization (Freddy Rangkuti, 2005) , the following components in the SWOT *analysis* :

1. *Strengths* (strength) , is a condition of strength contained in an existing organization, project or business concept. Strengths analyzed are factors contained in the body of the organization, project or business concept itself.
2. *Weaknesses* (weaknesses) . Weakness conditions that exist in the existing organization, project or business concept. Weaknesses that are analyzed are factors contained in the body of the organization, project or business concept itself.

3. *Opportunities* are conditions of opportunities to develop in the future that occur. Conditions that occur are opportunities from outside the organization, the project or the business concept itself. For example competitors, government policies, environmental conditions.
4. *Threats* (threats) , are conditions that threaten from outside. These threats can disrupt the organization, the project or the business concept itself.

In detail, the SWOT matrix is presented in the following table:

Table 1. SWOT Matrix

EFAS	IFAS	Strength(S) determine several factors of internal strength	Weakness(W) determines several factors of internal weakness
Opportunities determine several factors of external opportunity	(O)	Strategy(ST) creates situations using strengths, to take advantage of opportunities	Strategy(WO) minimizes weaknesses to take advantage of opportunities
Threats (T) Determine some external threat factors		Strategy (ST) Using force to deal with threats	Strategy (WT) Minimize weaknesses and avoid threats

Source: (Fredy Rangkuti, 2008)

Based on the SWOT matrix in the table above, there are 4 strategic steps, namely:

1. **SO Strategy**

This strategy is based on the company's mindset, namely by utilizing all strengths to seize and take advantage of opportunities as much as possible. The SO strategy uses the company's internal strengths to take advantage of external opportunities.

2. **ST strategy**

This strategy uses the company's strengths to overcome threats. ST strategy uses the company's internal strengths to avoid or reduce the impact of external threats.

3. **WO Strategy**

This strategy is implemented based on the utilization of existing opportunities by minimizing existing weaknesses. The WO strategy aims to improve internal weaknesses by taking advantage of external opportunities.

4. **WT Strategy**

This strategy is based on activities that are defensive in nature and the company minimizes weaknesses and avoids threats. WT strategy aims to reduce internal weaknesses by avoiding external threats.

SWOT Analysis Chart:

SWOT analysis is used to compare internal and external factors. Internal factors consist of strengths and weaknesses, while external factors consist of opportunities and threats.

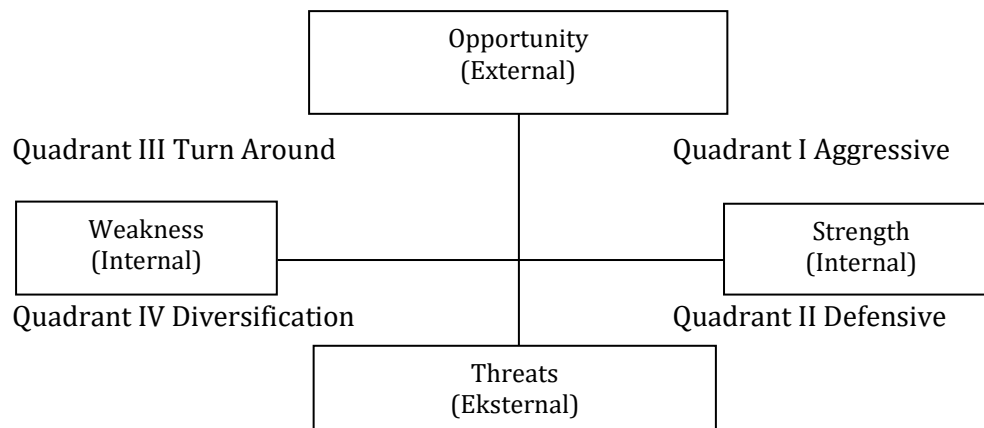


Figure 1. SWOT Analysis Chart

Description:

Quadrant I

These businesses have opportunities and strengths so they can take advantage of existing opportunities. The strategy applied under these conditions is to support an aggressive growth policy.

Quadrant II

Despite facing various threats, the company still has strength internally. The strategy that must be applied is to use strength to take advantage of long-term opportunities by means of a diversification strategy (production/market).

Quadrant III

The organization gets a huge (external) opportunity but on the other hand it faces some internal constraints/weaknesses. The focus of this strategy is to minimize the company's internal problems so that it can seize opportunities from outside well (*turn around*).

Quadrant IV

This is a very profitable, the company faces various threats and internal weaknesses. The focus of the strategy is to defend oneself to build internal strengths and minimize weaknesses (*Defensive*).

Furthermore, in the SWOT analysis, a comparison is made between the factors of internal and external strategies to obtain a strategy for each of these factors. Then *scoring* according to income (Freddy Rangkuti, 2005)

C. Findings and Discussion

Chips Business Overview

The location of the chips (banana and sweet potato) business is on Jalan Kartini, Kefa Tengah Village, Kefamenanu City District, North Central Timor Regency. It consists of 45 RT, 13RW. Kelurahan Kefa Tengah has an area of 9 km² North Central Timor Regency, Kota Kefamenanu Subdistrict has the following territorial boundaries: to the north it is bordered by the East Miomafo sub-district and the West Insana sub-district, to the south by the South Bikomi sub-district, to the east by the Insana sub-district. In the west and west, it is bordered by the Districts of South Bikomi and Central Bikomi. (BPS Kabupaten TTU 2020).

The chips (banana and sweet potato) business located on Jalan Kartini, Kefamenanu City, North Central Timor Regency, Kefamenanu Tengah Village, the owner is Uncle Sularso. The chips business was opened in 2007 until now. The initial capital to open the business was Rp. 7,000,000.00 a large capital at that time the business owner, namely Uncle Sularso, opened a chips business to sell but there were many problems in economic needs and competition in the business so that the chips business did not develop well until now. However, Uncle Sularso did not easily give up on the business that had been initiated since 2007 because there was a similar

competition in the chips business and the business did not last long and was eventually closed. In this chips business, Uncle Sularso had a workforce of 2 people, where the workers were laid off because there were many needs that had to be met so that Uncle Sularso worked alone with his wife and children.

Chips Business Development Strategy

An effort in dealing with various problems and goals must be able to determine the right strategy in order to put itself in a profitable position. Strategy formulation can be done well after knowing the elements including the internal and external environment of the chips business. The internal environment describes the quantity and quality possessed, so that *strengths* and *weaknesses* can be *estimated*, while the external environment can describe *opportunities* and *threats*.

Based on the results of interviews obtained from the chips (banana and sweet potato) business in Kefa Tengah Village, North Central Timor Regency, using a SWOT analysis can be observed environmental factors both internal and external factors and can be defined as follows:

Internal factors

1. Strength

a. Durable Products

The durability of the production of banana and sweet potato chips is long lasting, so that if they are not sold out immediately the chips can still be consumed.

b. Affordable Product Prices

The price of banana and sweet potato chips is relatively affordable for all people and demand continues to increase.

c. Easy Production

The production process of banana and sweet potato chips is very easy and simple so that the processing does not require a long time.

d. Strategic place

Strategic location and on the side of the road so that it can attract consumers to buy chips.

2. Weakness

a. Lack of available manpower

The processing of banana and sweet potato chips in general can be done by anyone, because the production process is easy, but because the needs are so large that there is a lack of capital for labor costs.

b. Limited capital

The difficulty of developing a business is caused by limitations in capital, so that the business that is run cannot continue to be developed to a greater extent, only limited to managing the capital that is owned minimally.

c. Simple Product Packaging

The product does not use attractive packaging. The resulting product is then sold when consumers come to buy chips, it will be packaged in a medium or large plastic bag according to the buyer's dose.

d. Promotion Still Less

Lack of promotion makes it difficult for the product to be recognized outside the region.

External Factors

1. Opportunity

a. Has 2 flavors

Banana and sweet potato chips, which have 2 flavor variants, really attract the attention of consumers to buy chips because consumers can choose the taste according to their taste.

b. Market Opportunities Still Wide

Banana and sweet potato chips are products that are in great demand by the public, so the market opportunities for banana and sweet potato chips are still wide, plus the prices of banana and sweet potato chips are relatively affordable.

c. Availability of raw materials

Banana and sweet potato chips business can be produced continuously because the raw materials are always available at any time, so they can meet market demand.

d. Always involved in exhibitions

The business of banana and sweet potato chips has been recognized by the public by being involved in exhibitions.

2. Threat

a. Climatic conditions

Climatic conditions can affect the production process of banana and sweet potato chips. A good climate for the production of banana and sweet potato chips is in sunny weather conditions.

b. Increase in the price of goods

The increase in the price of goods, namely cooking oil, sugar, gas, greatly affects the production of chips.

c. Product taste competition

The existence of competition between flavors and chip sellers such as changes in taste, changes in shape that are more attractive and delicious to consume.

d. Government Regulation

If there is an inspection of the place of business permit and the trading business license, it will be sanctioned in the form of fines for businesses that do not have a business license.

Table 2. Matrix of Internal Strategy Factor Evaluation (IFAS)

Strength	Rating	Weight	Score
Durable product	4	0.33	1.32
Affordable product prices	2	0.16	0.32
Product easy to do	4	0.33	1.32
Strategic place	2	0.18	0.32
Total strength score	16	1.00	3.28
Weakness	Rating	Weight	Score
Lack of available manpower	4	0.22	0.44
Limited capital	3	0.31	0.93
Simple product packaging	3	0.31	0.93
Promotion is still lacking	2	0.16	0.32
Total weakness score	13	1.00	2.62
Difference (strengths and weaknesses)			0.66

Source: Primary data processed in 2022

Based on the results of determining the score (rating x weight) for the internal strength factor in the table above, the highest rating (4) is 1) durable product, 2) easy production. For the strength factors in the table above which have the lowest rating (2) are 1) affordable product prices, 2) strategic places. are 1) lack of labor availability, 2) limited capital, 3) simple product packaging. As for the weakness factor in the table above, which has the lowest rating (2) is 1) the promotion is still lacking.

Table 3. External Strategy Factor Evaluation Matrix (EFAS).

Opportunity	Rating	Weight	Score
Has 2 flavors	2	0.16	0.32
The market opportunity is still wide	4	0.32	1.28
Always involved in exhibitions	3	0.20	0.6
Availability of raw materials	4	0.32	1.28
Total score odds	10	1.00	3.48
Threat	Rating	Weight	Score
Climatic conditions	2	0.16	0.32
Increase in the price of goods	4	0.33	1.32
Product competition	4	0.33	1.32
Government Regulation	2	0.18	0.32
Total threat score	12	1.00	3.32
Difference (opportunities and threats)			0.16

Source: Primary data processed in 2022

Based on the results of determining the score (rating x weight) for external factors, the opportunities in the table above which have the highest rating (4) are 1) market opportunities are still wide, 2) availability of raw materials. As for the opportunity factor in the external factor in the table above, the lowest rating is (2) is 1) Always involved in exhibitions 2) Has 2 flavor variants. From the results of determining the score (rating x weight) of threats in external factors in the table above, those with the highest rating (4) are 1) Increase in the price of goods, 2) Product competition. As for the threat factors in the external factors in the table above, those with the lowest rating (2) are 1) Climatic conditions, (2) government regulations

The table above shows that the difference between internal strategy factors (strengths and weaknesses) is 0.66 . Which means that the influence of strength is greater than the effect of weakness on the development of banana and sweet potato chips business in Kota Kefamenanu District. While the difference in external factors (opportunities and threats) is 0.16 . This means that the influence of opportunities is greater than the effect of threats on the banana and sweet potato chips business in the Kefamenanu City District. This is in accordance with the research of Subaktilah *et al.*, (2018) the main strength in the chips business is the product is easy to do with a score of 1.32. The main weakness in the chips business is that promotion is still lacking with a score of 0.32 . The final result of the internal factors in the IFE matrix with a total score of 0.66 , which indicates a fairly strong internal position which has the ability to take advantage of strengths and anticipate internal weaknesses.

To determine the position of the banana and sweet potato chips business development, it is analyzed using a position matrix (graph) so that it will produce coordinates (X ,Y). The value of X and value of Y can be obtained from the difference in the value of internal and external factors so as to obtain the coordinates of **3,28 -2,64 ; 3.48-3.32= 0.66;0.16**. For more details can be seen in the graph below:

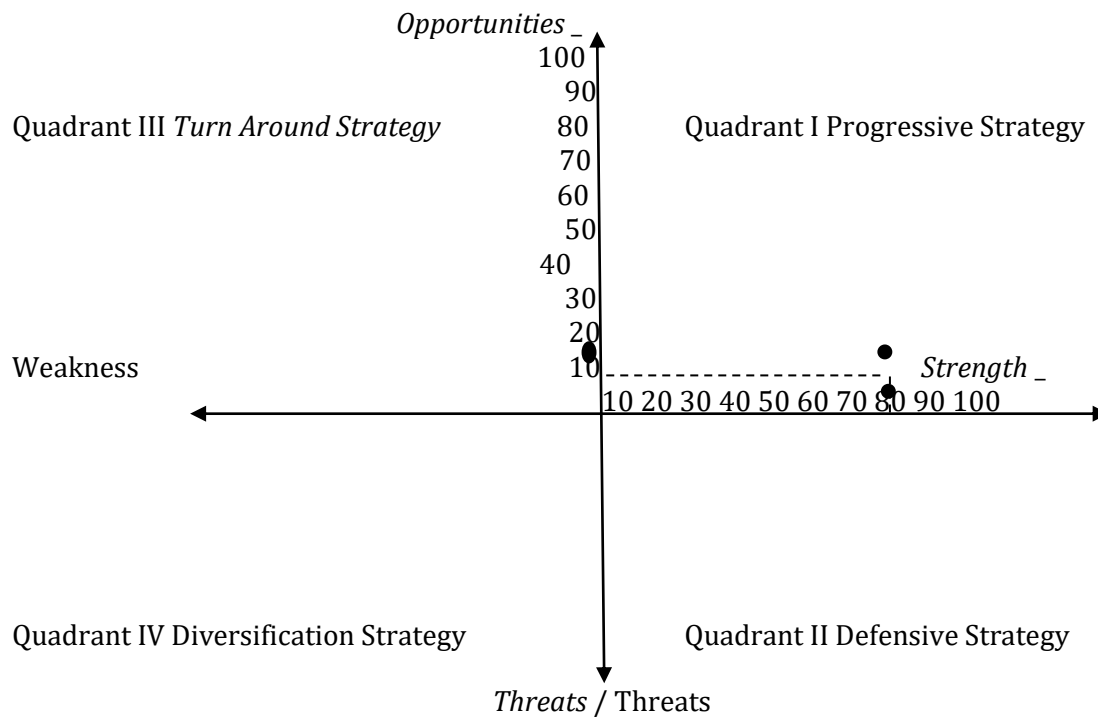


Figure 2. Graph of Sularso's chips business position

The position of the chips (banana and sweet potato) business is in quadrant I, meaning that this position indicates that the situation in the chips (banana and sweet potato) business is profitable. These businesses have opportunities and strengths to overcome threats and weaknesses in opening a business. After making the results of the graph above, the next step is to analyze the strategic factors in the SWOT matrix, making it easier for researchers to provide input on the strategies that have been used in the chips business (bananas and sweet potatoes). Similar to previous research which indicates that an organization is strong and has opportunities, the recommended strategy given is progressive, meaning that the organization is in prime and stable condition so that it is very possible to continue to expand, increase growth and achieve maximum progress (Naisimu, 2019) .

Table 4. Sularso chips business SWOT matrix

EFAS	ifas	Strength (S) S1. Durable product S2. Affordable product prices S3. Easy production S4. Strategic location	Weaknesses (W) W1. Lack of available manpower W2. Limited capital W3. Simple product packaging W4. Promotion is still lacking
	Opportunities (O) O1. Has 2 flavors O2. The market opportunity is still wide O3. Always involved in exhibitions O4. Availability of raw materials	SO Strategy 1. Improving product quality and maintaining existing flavor variants and innovating products to be able to compete in the market (S1, O1, O2) 2. Maintaining a strategic place of business and improving the production process so as not to lose customers (S4,S3,O4)	WO Strategy 1. Increase capital to be able to produce more chips so that there are no competitors or new entrants (W2, O1) 2. Innovate in product packaging and carry out promotions by engaging in exhibitions to attract consumers' purchasing power (W3, W4, O3)

Threats (T)	Strategy (ST)	Strategy (WT)
T1. Climatic conditions T2. Government regulation T3. Product competition T4. Increase in the price of goods	1. Utilize work experience and innovate products in order to maintain consumer tastes and be able to compete in marketing and anticipate the threat of rising prices of goods (S2, T3, T4)	1. Recruit workers and train them in producing chips that can compete with other products and improve product quality in order to increase people's purchasing power 2. Manage business licenses so that it is easy to obtain capital and can increase the business to develop (W1,T2,T3)

Source: Primary data processed in 2021

Based on table 4 in the SWOT matrix above, 7 strategies are obtained in the chips business (bananas and sweet potatoes) as follows:

- Strategy I : Improving product quality and maintaining existing flavor variants and innovating products to be able to compete in the market
- Strategy II : Maintaining a strategic place of business and improving the production process so as not to lose customers
- Strategy III : Utilize work experience and innovate products in order to maintain consumer tastes and be able to compete in marketing and anticipate the threat of rising prices of goods
- Strategy IV : Increase capital to be able to produce more chips so that there are no competitors or new entrants
- V Strategy : Innovate in product packaging and carry out promotions by engaging in exhibitions to attract consumers' purchasing power
- Strategy VI : Recruiting workers and training in producing chips that are produced can compete with other products and improve product quality in order to increase people's purchasing power
- Strategy VII : Manage business licenses so that it is easy to obtain capital and can increase the business to develop

This is in accordance with Naisimu's research (2019) , which states that strategy I: producing corn crackers with business experience to meet the market, strategy II: informing consumers that the resulting product can be consumed by all circles and without using preservatives when produced, strategy II: III : maintain production that does not use chemicals so as not to lose customers, strategy IV: take advantage of work experience to maintain consumer tastes and be able to compete in marketing, strategy V: increase the use of technology with modern tools to produce more corn crackers to meet demand customers, strategy VI: taking care of business licenses so that it is easier to obtain capital and can and can be involved in national exhibitions, strategy VII: recruiting workers and training in producing corn crackers so that the corn crackers that produce can compete with other products and can meet demand

D. Conclusion

Through the SWOT matrix, seven strategies are obtained in the development of the chips business (bananas and sweet potatoes) that need to be applied in the business, namely improving product quality, increasing production, innovating products, increasing capital, recruiting workers and conducting business licensing in order to obtain business capital and increase business. to develop.

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