

## DEVELOPMENT STRATEGY AGRICULTURE BUSINESS

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### ABSTRACT

Horticulture is the planning, development, protection, business, empowerment and financing activities related to fruit plants, vegetables, ornamental plants, and biopharmaceutical plants. The high competitiveness in the field of Horticulture results in a company needing a strategy in developing its business to be able to compete with its competitors, therefore the aim of this research is to see what factors influence marketing in a horticultural company and what strategies are appropriate for developing a horticultural business. The method used in this research is SWOT matrix analysis with the results of the research showing that the company is on a Grow and Develop strategy, namely with a strategy to improve product quality, improving good relationships with distributors or suppliers, improving the company's organizational structure, then expanding the market to make it more developed and advanced.

**Keywords:** Horticulture, Strategy, SWOT Analysis

### INTRODUCTION

Horticulture is an activity related to the process of planning, development, protection, business, empowerment and financing related to fruit plants, vegetables, ornamental plants, and biopharmaceutical plants, Horticulture also covers a lot of things that exist and includes a promising and profitable business. what's more in an area like Indonesia whose people are farmers and are rich in natural resources (SDA) that are able to produce high crops, as well as good soil structure. (Horticulture, 2020)

Many companies in Indonesia run businesses in the field of horticulture. Horticultural companies are legal entities engaged in the cultivation / breeding of vegetable crops, fruits, ornamental plants or biopharmaceutical plants on land controlled, with economic / commercial purposes and licensed by the agency authorized to grant business licenses horticultural crops. Based on existing statistics in Indonesia, there are quite a number of companies engaged in horticulture in Indonesia, ranging from regional companies, Perseroan komanditer / Commanditaire Vennootschap (CV), limited liability companies (PT) (Horticulture, 2020), to cooperatives as well as foundations and there are still some institutions that have not been mentioned that are engaged in horticulture as well, here are some data taken at the Central Bureau of Statistics about companies engaged in horticulture in Indonesia. The number of horticultural companies in 2020 was 113 companies, a decrease of 3.42 percent (4 companies) compared to 2019. Most of the companies are located on the island of Java. The number of companies in Java, Bali and Nusa Tenggara has continued to decline since 2016 although companies in Java in 2018 increased slightly. Meanwhile, the number of companies on the islands of Sumatra, Kalimantan, Sulawesi, Maluku and Papua in 2020 was the same as the previous year (Horticulture, 2020). The high competitiveness in the field of Horticulture resulted in a company needing a strategy in developing its business.

Etymologically strategy is a way or expertise in organizing or planning, while terminology is the science of planning or directing something

#### **Problem Formulation**

1. horticulture companies are affected by any factors (Horticulture, 2020)
2. what are the appropriate horticultural business development strategies (Alam & Cawer, 2019)

#### **Research Objectives**

1. Knowing what factors affect horticultural marketing
2. Knowing what development strategies are appropriate for horticultural businesses

### **LITERATURE REVIEW**

Kenneth Andrew (2015) in Manullang et.all (2023) strategy is a pattern of goals, intentions or objectives of policies and plans. The plan is important to achieve that goal which is expressed in ways such as setting the business adopted and the type or what type of organisation it will be.

#### **SWOT Analysis**

SWOT analysis is an instrument used to conduct strategic analysis. SWOT analysis is an effective tool in helping to structure problems, especially by analyzing the strategic environment, which is commonly referred to as the internal environment and the external environment

#### **SWOT Analysis Matrix**

In making a plan, it is necessary to evaluate external factors and internal factors. Then the results obtained are in the form of strengths (Strength) of a company or organization and can find out the weaknesses (weakness) in the company or organization. As for the analysis of external factors, you must be able to know an opportunity (Opportunity) that comes for the company and be able to know the threat (treath) in the company and the future.

#### **Horticulture**

Horticulture is the cultivation of garden plants. This concept is different from agronomy which cultivates plants in the field. Cultivation in the garden is more intensive, capital and labor intensive. Horticulture produces a return either in the form of economic gain or personal enjoyment that corresponds to the intensive effort. Horticultural practice is a blend of science, technology, art and economics.

#### **Previous research**

(Alam & Cawer, 2019) in his research entitled. The research was conducted from January 2019 to May 2019. The withdrawal of samples in the study used non-probability sampling, where the selection of respondents was chosen with a specific purpose. Respondents taken in this study amounted to eight people. Data analysis consists of descriptive analysis and analysis of the three stages of strategy formulation. The analytical tools used to formulate strategies are the IFE matrix, EFE Matrix, IE Matrix, SWOT matrix and QSPM Matrix. Based on the results of the SWOT analysis, which was produced, the priority strategies chosen were: 1. Increase coffee production by utilizing the availability of sufficient land and skilled human resources. 2. Maintaining the superiority of coffee products and meeting the increasing needs of coffee enthusiasts 3. Maximize coffee land processing through cooperation with the agriculture and plantation office to obtain training. 4. Utilize resource advantages (human, natural, machine,) to seize opportunities. Sorted using the QSPM matrix. The priority order of strategies that have a higher score than other alternatives to develop arabica coffee farming businesses in the Agro Mandiri Farmer Group is to take advantage of resource advantages (human, natural, machine) to seize opportunities with a Total Attractiveness Score (TAS) value of 6.627.

## METHODOLOGY

### Time and Place

This research was conducted from January to May 2022 at CV Sufi Fresh Fresh Cipanas village kp GBO Cipanas District Cianjur Regency, West Java province. The choice of research location was carried out deliberately because the researcher had an interest in businesses in the field of horticulture and coincidentally CV Sufi Fresh Fresh was engaged in the same horticulture.

### Data type and data source

The types of data and data sources used in the research are primary data and secondary data.

#### 1. Primary Data

Primary data is a data source that directly provides data to data collectors. The data is collected by the researcher directly from the first source or where the research object is carried out (Sugiyono, 2019) in Suwarsa,T and Hasibuan,AR (2021) Primary data in this study, namely obtained from interviews and observations from Cv Sufi Fresh.

#### 2. Secondary Data

(Sugiyono, 2019) in Suwarsa,T and Hasibuan,AR (2021) Secondary data is a source that does not directly provide data to data collectors. In this study secondary data includes documents, journals and books as support in this study.

### Operational Variables

Operational variables are intended to provide a clear description of the variables of concern. The operational definitions of the variables in this study are described as follows: internal environment external variabl

#### Variable Operations

Variables	Variable concept	Indicator variable	Measurement Scale
Internal environment	According to (Lawrence and Wiliam, 1998) in (Isnaini,L and Affiani M, 2019 ) Company internal environment analysis is defined as a strategic planning process.	<ol style="list-style-type: none"> <li>1 Marketing, and distribution of the company,</li> <li>2 Research and development,</li> <li>3 Production and operation,</li> <li>4 Company resources and employees</li> <li>5 Finance and accounting factors</li> </ol>	Nominal
External environment	<p>According to (Lawrence and Wiliam, 1998) in (Isnaini,L and Affiani M, 2019), the external environment is an external force that has the potential to affect organizational performance. - Special environment</p> <p>The specific environment is the part of the environment that is directly relevant to the achievement of organizational goals.</p> <p>- General environment The general environment includes a variety of factors, including economic, political and legal, socio-cultural, demographic, technological, and global conditions that may affect the organization.</p>	<ol style="list-style-type: none"> <li>1. General environmental pressure: Political and legal, sociocultural, demographic, technological, and global conditions</li> <li>2. Special environmental pressures: Consumers, suppliers, competitors, partners and creditors</li> </ol>	Nominal

Strategy formulation	According to (Lawrence and Wiliam, 1998) in (Isnaini,L and Affiani M, 2019 ) the SWOT Matrix is one of the matching stage matrices in this research. The SWOT matrix is one of the matching tools for developing four types of strategies	<ol style="list-style-type: none"> <li>1. Strategy SO (Strength - Opportunity)</li> <li>2. WO strategy (Weakness - Opportunity)</li> <li>3. ST strategy (Strength - Threat)</li> <li>4. WT strategy (Weakness - Threat)</li> </ol>	Ordinal
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Source : Primary Data 2022

Bagong Suyatna in (Sinuraya & Malau, 2019)states that a resource person is someone who has a role. Or those who become informants or providers of information in the retrieval of extracted data. In addition, those who become informants must not only have sufficient insight, but also be able to see the problem from the point of view of an expert so that the information provided is correct and is a fact In this study, there are several sources that are targeted by researchers, consisting of 5 people from internal companies and 2 external people consisting of 1 resource person who is an expert in a similar field and 1 resource person who is a partner of the CV Sufi Fresh Fresh company.

#### Analysis Method

The methods used in this research are IFE (Internal Factor Evaluation), EFE (External Factor Evaluation), IE (Internal External) and SWOT Analysis in determining business development strategies at CV Sufi Fresh Fresh.

In this section, IFE and EFE are used to identify strengths and weaknesses as the main internal factors in the evaluation as well as opportunities and threats as external factors that may affect the company. The information obtained is summarized, evaluated, and used for further purposes such as building a SWOT analysis and IE matrix.

- Data Collection

At this stage it is basically not only data collection but includes classification and pre-analysis. This data classification is carried out using the approach system from CV Sufi Fresh. In this stage the data is divided into 2, namely Internal data and External data.

- IE (Internal External) Matrix

The IE matrix is the total score of the IFE matrix and EFE matrix generated from the input stage, this matrix is used to find the right data from the results of the IFE and EFE matrix data processing.

- SWOT Analysis

SWOT analysis is the systematic identification of various factors to formulate company strategy. SWOT analysis is a strategy formulation tool used to match between the company's internal and external factors. This matrix provides 4 types of alternative strategies, namely SO strategy (strength-opportunity), WO strategy (weakness-opportunity), ST strategy (strength and threat), and WT strategy (weakness-threat).

## DISCUSSION

### Analysis of Internal and External Environment Results

Based on the data analysis carried out, the following are internal strategy factors in the form of strengths and weaknesses:

1. Strengths
  - a. Suitable natural resources
  - b. Own production land
  - c. Structured distribution



- d. Quality products
  - e. permanent working partners
  - f. Stable production and operation of goods
  - g. Realistic stable supply availability
2. Weaknesses
- a. Less human resources (employees)
  - b. The organizational structure does not yet have complete functions
  - c. Grading and packing products for modern markets is time-consuming
  - d. Modern market sales are lower than horeka
  - e. Less active in company development

Based on the data analysis carried out, the following are external strategy factors in the form of opportunities and threats:

1. Opportunities
- a. Development of technology, information and communication
  - b. Support from agriculture and plantation agencies in the field of horticulture is very high
  - c. Demand for horticultural products is very high and continues to increase
  - d. Geographical conditions in the cipanas area are very favorable for the production of horticultural products
  - e. Increased population growth will affect the horticultural market
2. Threats
- a. Competition in the horticulture market is getting higher due to increased demand.
  - b. Horticultural products are universal products, so export and import activities are strongly influenced by the political situation of a country.

Horticultural IFE Matrix Analysis Results

INTERNAL STRATEGIC FACTORS		AVERAGE WEIGHT	AVERAGE RATING	WEIGHTED AVERAGE SCORE
<b>STRENGTHS</b>				
A	Suitable natural resources	0.111	3.714	0.411
B	Own production land	0.094	3.429	0.324
C	Structured distribution	0.105	3.286	0.344
D	Quality products	0.097	3.429	0.332
E	permanent partner	0.104	3.571	0.370
F	Stable production and operation of goods	0.079	3.429	0.273
G	Realitive supply availability is stable	0.088	3.571	0.313
			AMOUNT	2.054

WEAKNESSES				
A	Less human resources (employees)	0.066	3.714	0.244
B	The organizational structure does not yet have complete functions	0.061	3.286	0.201
C	Grading and packing products for the modern trade market is time-consuming	0.062	3.429	0.213
D	Modern market sales lower than horeka	0.070	3.571	0.251
E	Lack of company development initiatives	0.063	3.286	0.208
			AMOUNT	1.117
			TOTAL	3.171

This table shows that the internal strategic factors that are the main strengths and weaknesses. The main strength is the variable with the largest value or average score, while the main weakness is the variable with the smallest value or average score.

The strength found is suitable natural resources with an average weight score of 0.411. The high weight of this average score is because is located in cipanas which has suitable conditions and natural resources for Horticultural crops. Overall the total average score calculated from the IFE matrix is 3.171 which means that is in the average (3.0-4.0) or strong. Overall, the internal strength of can be said that has a strong internal response and is quite capable of reducing its weaknesses.

Results of Horticultural EFE Matrix Analysis

EXTERNAL STRATEGIC FACTORS		AVERAGE WEIGHT	AVERAGE RATING	WEIGHTED AVERAGE SCORE
<b>OPPORTUNITIES</b>				
A	Development of technology, information and communication	0.2208	3.5714	0.7885
B	Support from the agriculture and plantation office in the field of horticulture is very high	0.1558	3.8571	0.6011
C	Demand for horticultural products is high and growing	0.1883	3.7143	0.6994
D	Geographical conditions in the cipanas area are very favorable for the production of horticultural products	0.1721	3.4286	0.5900
E	Increased population growth will affect the horticultural market	0.1721	3.5714	0.6146
			AMOUNT	3.2936

THREAT				
A	Horticulture market competition is getting higher due to its increasing demand	0.0552	0.0079	0.0004
B	Horticultural products are universal products, so export and import activities are strongly influenced by the political situation of a country.	0.0357	0.0051	0.0002
			AMOUNT	0.0006
			TOTAL	3.2942

This table shows that the external strategic factors that are opportunities and threats at. The main opportunity is the variable with the highest score or average, namely the development of technology, information and communication with a weighted average score of 0.7885. The high weighted average score is because follows the development of information and communication and can compete with existing competitors.

While the threat in CV Sufi Fresh is the variable with the smallest score or average of 0.002 Horticultural products are universal products, so export and import activities are strongly influenced by the political situation of a country. The low average score is because has not yet entered a situation to be able to export or import a product. while the weighted average score of the EFE matrix is 3.294 which identifies that is around the average (3.0-4.0) with a high position.

Results of IE Matrix Analysis (Internal-External) Horticulture CV Sufi Fresh

Eksternal / Internal		Total Rata-Rata Pertimbangan IFE			
		Tinggi (3,0-4,0)	Kuat (3,0-4,0)	Rata-Rata (2,0-2,99)	Lemah (1,0-1,99)
Total Rata-Rata Pertimbangan EFE		I	II	III	
	Menengah (2,0-2,99)	IV	V	VI	
	Rendah (1,0-1,99)	VII	VIII	IX	

Annotations: An arrow points from the 'Kuat (3,0-4,0)' header to cell I, which contains 'IFE 3,171 (Skor Total)'. Another arrow points from the 'EFE 3,294 (Skor Total)' label to the intersection of the 'Menengah (2,0-2,99)' row and the 'Kuat (3,0-4,0)' column.

**Description:**

- Cells I, II and III : Grow and Build
- Cells III, V and VIII : Hold and Maintain
- Cells VI, VIII and XI : Harvest or Divest

SWOT Matrix Analysis (Strengths, Weaknesses, Opportunities, and Threats)

INTERNAL ANALYSIS  EXTERNAL ANALYSIS	STRENGTHS	WEAKNESSES
		<ul style="list-style-type: none"> <li>A. Suitable natural resources</li> <li>B. Own production land</li> <li>C. Structured distribution</li> <li>D. Quality products</li> <li>E. Permanent partners</li> <li>F. Stable production and operation of goods</li> <li>G. Stable realitive supply availability</li> </ul>
OPPORTUNITIES	Strategy to Use Strengths to Utilise Opportunities (SO Strategy)	Strategy to overcome weaknesses in order to take advantage of opportunities (WO Strategy)
<ul style="list-style-type: none"> <li>A. Development of technology, information and communication</li> <li>B. Support from agriculture and plantation agencies in the field of horticulture is very high</li> <li>C. Demand for horticultural products is very high and continues to increase</li> <li>D. Geographical conditions in the cipanas area are very favourable for the production of horticultural products</li> <li>E. Increased population growth will affect the horticultural market</li> </ul>	<ul style="list-style-type: none"> <li>A. increase Horticulture production by utilising adequate land availability with existing facilities and human resources (Sa, Sb, Sd, Sg, Oc, Od).</li> <li>B. Increase the horticultural marketing network at CV Sufi Fresh (Se, Sg, Oa, Oc, Oe)</li> <li>C. maintain and improve product quality and fulfil existing market needs (Sc, Se, Sf)</li> </ul>	<ul style="list-style-type: none"> <li>A. increasing partnerships with farmers to fulfil existing markets (Wb, Ob, Oe)</li> <li>B. increase human resources to process own production land (Wa, Wb)</li> </ul>
THREAT	Strategy to Use Strengths to Overcome Threats (ST Strategy)	Strategy to overcome weaknesses so that threats do not occur (WT Strategy)
<ul style="list-style-type: none"> <li>A. Competition in the horticulture market is increasing due to its increasing demand.</li> <li>B. Horticultural products are universal products, so export and import activities are greatly influenced by the political situation of a country</li> </ul>	<ul style="list-style-type: none"> <li>A. Partnering with others to reduce competition (SF, Ta, Tb)</li> <li>B. Improving product quality by bringing in extension workers to compete with universal products (Sc, Tb)</li> </ul>	<ul style="list-style-type: none"> <li>A. Create co-operation with other parties through improved management systems (Wa, Wb, Ta, Tb)</li> </ul>



#### **Alternative choice of development strategy for CV Sufi Fresh**

Based on the SWOT Analysis Matrix, the alternative or short-term strategic options that can be chosen to develop CV Sufi Fresh are as follows:

1. Increase Horticultural production by utilizing adequate land availability with existing facilities and human resources.
2. Improving the horticultural marketing network at CV Sufi Fresh
3. Maintaining and improving product quality and meeting existing market needs
4. Creating cooperation with other parties through improved management systems

By looking at the position of CV Sufi Fresh which has strong internal and high external capabilities. Organizations like this are best controlled with a grow and build strategy so that they can implement 4 development strategies for CV Sufi Fresh in the short term in a better farming business, while alternative marketing strategies that can be carried out by CV Sufi Fresh in the long term through the following strategies:

1. Partner with others to reduce competition
2. Improve product quality by bringing in extension workers to compete with universal products
3. Increase partnerships with farmers to fulfill existing markets
4. Increase human resources for selfproduction land processing

Thus, it can be seen that there are long-term and short-term development strategies at CV Sufi Fresh. This can be interpreted that both alternative strategies are appropriate for CV Sufi Fresh to apply.

#### **CONCLUSION AND RECOMMENDATION**

Based on the results of the analysis that has been carried out at CV Sufi Fresh in developing the Horticulture business, several conclusions can be obtained, namely:

1. There are several factors that influence Horticultural marketing at CV Sufi Fresh, among others: Internal factors of strength (Strength) Having partners with several farmers for the procurement of fixed goods. Internal factors weaknesses (Weaknesses) Less human resources (employees). External factors opportunities (Opportunity) Development of technology, information and communication. External factors Threats Horticultural market competition is getting higher due to increased demand.

2. The business development strategy suitable for CV Sufi Fresh based on the IE matrix analysis is in the Grow and Build position which includes market penetration, market development strategies, product development strategies and forward integration strategies. Based on the analysis of the SWOT Analysis matrix formulation, there are two alternative strategies including long-term strategies: Partnering with other parties to reduce competition, Improving product quality by bringing in extension workers to compete with universal products, increasing partnerships with farmers to meet existing markets, increasing human resources for the processing of their own production land and short term: increasing Horticultural production by utilizing the availability of adequate land with existing facilities and human resources, Increasing the horticultural marketing network at CV Sufi Fresh maintaining and improving product quality and meeting existing market needs, Creating cooperation with other parties through improved management systems.

Based on the research results, the authors suggest that the company take more aggressive steps such as strengthening the organizational structure, increasing human resources in order to maximize the potential of CV Sufi Fresh for growth and development and broader market coverage not only focused on the horeka but on other markets.

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