

# **ANALYSIS OF ORGANIC VEGETABLE CULTIVATION BUSINESS DEVELOPMENT STRATEGY (SANALYSIS OF ORGANIC VEGETABLE CULTIVATION BUSINESS DEVELOPMENT STRATEGY (CASE STUDY: FARMER GROUP IN OABIKASE VILLAGE, INSANA BARAT DISTRICT, TTU REGENCY)**

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In line with the development of science and technology, many new discoveries have shifted the traditional farming system to a conventional farming system. Conventional farming systems are characterized by the use of inorganic inputs and agrochemicals in the cultivation process. Community understanding of the negative impacts of conventional agriculture both on the environment and health has awakened people to return to living in a healthy and natural way or what is now better known as back to nature. The purposes of this research are: (1) Identify what internal and external factors are the strengths and weaknesses as well as what threats and opportunities will be faced by the Atapain farmer group, (2) Formulate and prioritize the best strategies that can be implemented and recommended to Atapain farmer group. The data used in this study are primary data and secondary data. Primary data was obtained from direct interviews with twenty respondents, while secondary data was obtained from reports from institutions that are closely related to organic vegetable business. Other supporting data were obtained from internet sites, magazine articles, newspapers, previous studies as comparative material as well as a collection of information from related agencies such as the Central Bureau of Statistics (BPS) and the Department of Agriculture. Data analysis was carried out qualitatively. This study identified the internal and external environmental factors that became the strengths and weaknesses as well as the opportunities and threats to be faced by farmer groups and the decision stage. Based on the results of the IFAS analysis, the appropriate alternative strategies that can be recommended for farmer groups are strengthening and maintaining existing marketing areas by maintaining product quality and maintaining good planting plans.

**Keywords:** Strategy Analysis, Business Development, Vegetable Cultivation

## **1. Introduction**

Indonesia is an agricultural country that is rich in natural resources with a vast land. This is the source of livelihood for most of the Indonesian people and is a real sector that has a very real role in helping generate the country's foreign exchange. One of the supporting sectors is agriculture.

Several reasons underlie the importance of agriculture in Indonesia, namely the potential of various resources, has the potential for a large enough national income, many people depend on this sector and agriculture is also the basis of growth in rural areas. Several sub-sectors that are incorporated in the agricultural sector include food crops, horticulture, plantations and livestock. The sub-sector currently being developed is the horticulture sub-sector. This is because horticulture is part of agricultural development in the food sector which is aimed at further strengthening self-sufficiency in food, increasing people's income and improving nutritional conditions through diversification of types of food ingredients.



One of the horticultural commodities that has great potential to be developed is vegetables. These potentials include economic value, relatively high nutritional content and the ability to absorb a relatively large number of workers. Vegetables are an important source of food for people to consume every day because the content of protein, vitamins, minerals and fiber in vegetables is useful for the human body. Aside from being a source of food and nutrition, horticultural products also have other benefits, such as benefits for the environment, namely aesthetic taste, genetic conservation and as a buffer for natural sustainability.

To support sustainable and competitive agricultural development and to maintain the sustainability of farmer groups in running their business, it is necessary to develop reliable and effective business plans and strategies to achieve predetermined business targets, so as to increase farmer group profits.

In line with the development of science and technology, many new discoveries have shifted the traditional farming system to a conventional farming system. Conventional farming systems are characterized by the use of inorganic inputs and agrochemicals in the cultivation process. This turned out to have a negative impact, the result was the emergence of new problems in vegetable farming, namely water pollution by agricultural chemicals, decreased quality and productivity of vegetables, dependence on agricultural chemicals such as fertilizers and pesticides and decreased land productivity due to erosion, land compaction and lack of water. organic matter. Another impact caused by conventional farming is health problems caused by chemical residues contained in vegetable products.

Community understanding of the negative impacts of conventional agriculture both on the environment and health has awakened people to return to living in a healthy and natural way or what is now better known as back to nature. People are starting to pay more attention to the quality and safety of the vegetable products they consume and want food that is all natural and free from chemicals, pesticides, hormones and chemical fertilizers. This situation is also supported by the desire of farmers to produce vegetables without damaging the environment, avoiding the use of pesticides and chemical fertilizers (organic vegetables). Organic vegetables are considered capable of fulfilling these requirements, so that the demand for and marketing opportunities increases.

Based on the description above, the authors are interested in conducting research with the title Analysis of Organic Vegetable Cultivation Business Development Strategy (Case Study: Farmer Groups in Oabikase Village, Insana Utara District, TTU Regency).

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## 2. Methods

The types of data in this study are quantitative data and qualitative data. Quantitative data is data expressed in the form of numbers or numbers. Quantitative data were obtained from respondents' answers to questions related to human resources, capital, marketing, and agricultural technology. Meanwhile, qualitative data is data obtained through interviews to complement, support, and confirm quantitative data.

This research identifies internal and external environmental factors which are strengths and weaknesses as well as opportunities and threats that will be faced by farmer groups, while to formulate and develop the right business strategy, there are three stages that need to be taken. This stage includes the basic input gathering stage, the guiding or matching stage and the decision stage.

Operational research is carried out in several stages. The first stage summarizes the basic input information needed to formulate a strategy, which consists of an IFE (Internal Factor Evaluating) matrix and an EFE (External Factor Evaluating) matrix. The internal factors to be examined consist of management, marketing, finance/accounting, production/operations, research and development, management information systems. While external factors consist of the economy; social, cultural, demographic and environmental; politics, government and law; technology; and competitive strength.

The second stage is to produce feasible alternative strategies by combining internal and external factors obtained from the input stage or the first stage from the IFE and EFE matrices. The technique in this second stage is the I-E (Internal-External) matrix which is used to determine the company's current position and the SWOT (Strengths-Weaknesses-Opportunities-Threats) matrix to produce feasible alternative strategies.

## 3. Results And Discussion

### Internal Environment Analysis

Process Analysis of the factors that become the strengths and weaknesses of the business really needs to be done. Factors that become strengths and weaknesses in a business come from management, marketing, finance/accounting, production/operations, research and development, and information systems.

#### a. Management

There are five management functions namely planning, organizing, providing motivation, managing staff, and controlling.

1) Planning, is the process of the most effective way to achieve the expected goals, and prepare how to overcome unexpected difficulties with sufficient resources. Therefore planning is very important for a business because it can determine how to carry out work efficiently. The planning for



the Atapain farmer group was not well structured because it was not written down so it could not be carried out systematically. Without written planning, farmer groups will experience difficulties in measuring and evaluating the performance of members, so they cannot know whether the farmer group targets have been achieved or not.

2) Organizing determines the duties and responsibilities of each human resource in carrying out business activities. Organization in farmer groups is still not well implemented, this can be seen from the fact that there is still a lack of clarity about the duties and responsibilities of each division.

3) Providing motivation, as a process of influencing people to achieve certain goals. The head of the farmer group, assisted by the local Agriculture Service, motivates members by involving members of the farmer group in training events, especially training in organic farming on a rotational basis.

#### **b. Marketing**

There are seven basic functions of marketing, namely:

1) Customer analysis, the information generated by customer analysis can be important in the development of an effective mission statement. Farmer groups always try to fulfill the wishes of their consumers, such as the size of vegetable products that are neither too old nor too young, and to maintain the quality of their organic vegetable products, so that consumer loyalty is maintained.

2) Sales of products/services, successful strategy implementation usually depends on the ability of the organization to sell several products or services. Sales of organic vegetable products to Atapain farmer groups are more focused on regular customers, without being followed by a search for market opportunities so that farmer groups have not been able to take advantage of potential markets.

3) Product and service planning is important especially when farmer groups carry out product development or diversification. Product planning cannot be fully implemented by farmer groups, due to limited professional human resources that do not support it.

4) Pricing, strategists must view prices from a short-term and long-term perspective, because competitors can imitate changes

price relatively easily. The price system applied is a flat price, meaning that it is independent of the economic laws of demand and supply. If production is low and demand is high, farmer groups will still apply the initial price or not increase prices.

5) Distribution includes warehousing, distribution channels, distribution coverage, level and location of inventory, means of transportation, and wholesale sellers. Atapain farmer groups sell their products either directly to consumers or through regular suppliers. The distribution of products to this farmer group is not going well, this is because the farmer group does not yet have transportation facilities.

6) Marketing research is the collection, recording and analysis of data systematically on issues related to the marketing of goods and services. Marketing research could not be fully carried out by the Atapain farmer groups because the recording of data from production and sales activities was not in accordance with the accounting system, so the data was not collected and could not be analyzed.

7) Opportunity analysis involves evaluating the costs, benefits, and risks associated with marketing decisions. Farmer groups have not been able to take full advantage of opportunities, especially in the implementation of product marketing, because product sales are only carried out to regular customers without any promotion to markets that have great potential.

**c. Finance / Accounting**

Capital is a very important variable in carrying out a business activity related to how a company obtains business capital, makes investments, uses business financing, and calculates the profit to be achieved. The capital of the Atapain farmer group is the individual capital of each member of the farmer group. There is no special fee from the members of this farmer group, because the farmer group only functions as a vessel or place for farmer members to distribute their vegetable products to be marketed later. Financial records in farmer groups are kept very simple, only covering temporary sales and receipts in a very short period of time. Farmer groups have not implemented financial records in accordance with the accounting system. This is a weakness for farmer groups because it is difficult to know the profit or loss calculations for farmer groups, so that it can become an obstacle in determining planning of production activities or increasing farmer group profits.

**d. Production/ Operations**

Organic vegetable cultivation activities in the Atapain farmer group include preparation of nursery media, seeding, land preparation, planting, plant maintenance (fertilizing, watering, weeding or weeding and replanting) as well as pest and plant disease control, harvest and post-harvest. The equipment used in processing is generally the same as other agriculture and is still simple, namely still using hoes, scrapers, knives, scissors, tweezers and so on. In general, the process of cultivating activities in the Atapain farmer group is as follows:

1. Media Preparation
2. Nurseries
3. Land preparation
4. Planting
5. Plant Maintenance
6. Fertilization
7. Watering
8. Embroidery
9. Control of Plant Pests and Diseases
10. Harvest
11. Post Harvest

**Identification of Internal and External Factors**

The results of the identification of the external and internal environment are used to compile the Internal Factor Evaluation (IFE) matrix and the External Factor Evaluation (EFE) matrix. After identifying the internal and external factors, then an analysis of the opportunities and threats as well as the strengths and weaknesses that can influence the company's strategy is carried out.

**Identification of Internal Factors (Strengths and Weaknesses)**

Based on the results of the internal factor analysis, several things will be identified which are the strengths and weaknesses of the company. The identification results are used to construct the IFE (Internal Factor Evaluation) matrix. The aspects reviewed are management, marketing, finance/accounting and production/operations.

Table . Strengths and Weaknesses Faced by the Atapain Farmer Group

| Internal factors      | strength   | weakness   |
|-----------------------|--|--|
| Management            | <ul style="list-style-type: none"> <li>Relationship of the Chair with members of the farmer group</li> <li>Can absorb labor</li> </ul> | <ul style="list-style-type: none"> <li>The quality of human resources is still low</li> <li>Unwritten cooperation contract.</li> </ul>   |
| Marketing             | <ul style="list-style-type: none"> <li>Quality products,</li> <li>Good customer service.</li> </ul>                                    | <ul style="list-style-type: none"> <li>Do not have packaging and labels,</li> <li>Lack of promotional efforts,</li> <li>There is no product certification yet,</li> <li>Weak access by farmer groups to the organic vegetable market.</li> </ul> |
| finance/accounting    |  | <ul style="list-style-type: none"> <li>Unorganized data archiving,</li> <li>Limited capital,</li> </ul>  |
| production/operations | <ul style="list-style-type: none"> <li>Good planting planning</li> </ul>   | <ul style="list-style-type: none"> <li>The production technology used is still simple.</li> </ul>  |

Farmer groups have the power of quality products with good cropping systems so that the products grown can be harvested continuously, thus consumer demand can continue to be fulfilled. This is an effort made by farmer groups to maintain good service to consumers at this time. Another strength possessed by farmer groups is the establishment of farmer groups as a business engaged in organic farming which has been able to absorb the local workforce, because organic farming businesses require a lot of manpower in their production/operation activities. The relationship between the leader and group members is also well established.

The weakness of the most basic farmer groups is limited capital. So far, the capital used to run their business has come from the personal capital of the farmer members, no special contributions have been collected to the farmer group treasury. With limited capital, farmer groups are unable to do much for the business they run, resulting in other weaknesses such as not having packaging and labels, no organic certification, lack of promotional efforts, and the technology used is still simple. Other weaknesses are the low quality of human resources, unwritten work contracts and weak access by farmer groups to organic vegetable markets.

#### Identification of External Factors (Opportunities and Threats)

The results of the analysis of the external environment of farmer groups show the opportunities and threats faced by farmer groups. The aspects reviewed include the economy; social, cultural, demographic and environmental; politics, government and law; technology and competition.

Table. Opportunities and Threats Faced by the Atapain Farmers Group

| external opportunities                         | opportunity   | threat   |
|--|---|--|
| Economy  | The marketing area for organic vegetables is still wide,  |  |
| Social, Culture, Demographics, and Environment | <ul style="list-style-type: none"> <li>Lifestyle changes that tend to go back to nature,</li> <li>Availability of potential workforce in the local area.</li> <li>High consumer loyalty.</li> </ul> | <ul style="list-style-type: none"> <li>Development types of pests and diseases in plants,</li> <li>Changes in weather and changes in land use from agricultural land to</li> </ul> |



residential land.

Politics, Government, and  
Law

- Government policy regarding the "Go Organic 2010" program,
- There is an organic farming association

Technology

Technological development.

competitive

Barriers to enter the organic vegetable industry are quite large.

Ease of obtaining substitute products.

#### 4. Conclusions

Based on the results of the analysis of external and internal factors, the factors that become strengths, weaknesses, opportunities and threats are known. The strengths of farmer groups are quality products, good planting planning, good customer service and the ability to absorb labor. The weaknesses of farmer groups are that they do not have packaging and labels, the production technology used is still simple, the quality of human resources is still low, there is a lack of product promotion efforts, data archiving is not yet organized, there is no product certification, limited capital, unwritten cooperation contracts, as well as the weak access of farmer groups to the organic vegetable market. Based on the results of the SWOT analysis, the priority strategies that can be recommended to farmer groups are as follows: Strengthen and maintain existing marketing areas, Maintain and improve service to consumers and expand distribution network, Optimizing product promotion efforts, product distribution, working on product packaging and labels to increase and maintain consumer loyalty, Maintain and strengthen cooperative relations with academics and research institutions and the government to produce quality seeds, Seek organic certification and make clear and written cooperation contracts, Improve and enhance managerial skills and cultivation techniques by studying technological developments and attending training, Conduct market research to monitor developments in product marketing, prices and level of competition.

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