

COCONUT FARMING BUSINESS DEVELOPMENT STRATEGIES IN POHUWATO

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ABSTRACT

This research aims to 1) Analyze the factors of coconut farming business development in Pohuwato and 2) Reconstitute the coconut farming business development strategy in Pohuwato. This research was conducted in Pohuwato in December 2018-February 2019 with 40 farmers as the research sample. The research method used was a survey method. The data analysis used was the SWOT analysis. The findings indicate that the factors of coconut development in Pohuwato were both internal and external. The internal factors were plants as substitutes for tall coconuts, coconuts' fluctuated price, lack of coconut tree rejuvenation, and traditional coconut processing. Furthermore, the external factors included erratic climates bringing about crop failure, no fixed standard price of coconut, and farmers' alternative businesses. The best coconut farming business development strategy in Pohuwato existed in Quadrant I. This quadrant rendered the best support for the aggressive strategy or the SO (Strength-Opportunity) strategy which encouraged self-capabilities, such as farmers' experiences and abilities and opportunities, such as a prospective market of coconuts. This strategy aimed to mitigate several weaknesses in the coconut business, such as coconuts' fluctuated price, threats, no fixed standard price of coconuts, and erratic weather. As a result, we could see progress in coconut farming business development.

Keywords: *Business Development Strategy, Coconut Farming, SWOT Analysis*

INTRODUCTION

Coconuts are granted high adaptability. They are multifunctional plants that people can use all of their parts. The Republic of Indonesia, in its early establishment, regarded coconuts as a pivotal export commodity contributing to its foreign exchange. Copra, one of the coconut products, is one of the global renown Indonesia commodities. *Copra*, or dried coconut meat, is the main ingredient of coconut crude oil (CCO) and its derivative products.

Gorontalo has potential coconut plantation areas spread in many districts. As indicated by data of the Directorate General of Plantation in 2017, the total

coconut plantation area in Gorontalo was 73,260 Ha and the annual average productivity was 56,179 tons. Furthermore, in 2017, the number of farmers in Gorontalo was 55,878 in number; whereas that of workers was 1.334. If we look at those numbers, we can easily observe a considerable gap between the number of coconut farmers and workers. This allegedly had an impact on the productivity level (BPS Pohuwato dalam Angka, 2015).

One of the districts which produce coconuts in Gorontalo is Pohuwato. Having Marisa as its capital, Pohuwato is 165 km from Gorontalo City, the capital of Gorontalo Province. Besides coconuts, Pohuwato is well-known for

its corn, cacao, patchouli, and chilis. However, the highest production is achieved by coconuts as the main ingredient of copra commodity. The area of Pohuwato is 16,821 hectares and deemed as a smallholder plantation so the community is allowed to cultivate it to fulfill their household needs. From this area, they could produce coconuts by 27,936.12 tons (BPS Pohuwato dalam Angka, 2015). Based on the research background, we are interested in making research on “*Coconut Farming Business Development Strategies in Pohuwato*”.

LITERATURE FRAMEWORK

Coconuts (*Cocos nucifera L.*) are one of the plants which contribute to the sustainability of the Indonesian community. Coconuts have multiple functions, one of which is a means to preserve the living environment by fixating CO₂ to be O₂ (Suhardiman, 2004).

Coconuts (*Cocos nucifera L.*) belong to the family of Palmae and the genus of *Cocos*. Two variety of coconuts, the dwarf variety and the tall variety, are identified (Setyamidjaja, 1994). Coconuts are considered multifunctional and plant with a high economic value. Humans can use all parts of coconut trees, making them call them the tree of life as almost all parts of the trees including the root, trunk, leaves, and fruit are useful (Anonym, 2008).

Saragih (2007) argues that the agribusiness system covers four subjects which are:

- a. The upstream agricultural industry, or the upstream agribusiness,

constitutes the industries which produce agricultural production facilities (input), such as agrochemical industries (fertilizer, pesticide, and animal drugs), agro-automotive industries (farming tools and machines, crop processing tools and machines), and plant/animal seedling industries.

- b. Agriculture in a broad definition, or on-farm agribusiness, is a farming business in which crop cultivation, horticulture, plantation, animal farming, and forestry are included.
- c. The downstream agricultural industry, or downstream agribusiness, is industrial activities with which people process crops into processed products, either intermediate products or final products
- d. Some supporting services for agribusiness, such as trade, banking, education, assistance by staff or experts, government regulation, and others.

Sokarwati (2006:1) clarifies that farming science is the science which studies how people allocate the resources available in an effective and efficient manner, engendering a high profit in a certain period. The allocation of resource is effective if farmers or producers can allocate resources in their possession (authority) well, and efficient if the allocation can generate output which exceeds input in quantity.

A suitable analysis to respond to this issue is the SWOT analysis. This analysis allows us to analyze both the internal and external environments of an organization in strategy management.

By a means of this analysis, an organization will determine its long-run objective using a corporate strategy, or grand strategy, or business strategy as well as its short-term objective, or annual objective, using a function strategy or the strategy specifically stipulated for the department (Thoyib, 2005:62).

Furthermore, Rangkuti (2003:31) defines the SWOT analysis using a SWOT matrix, a tool used to reconstitute the factors of a corporate's strategy. This matrix gives an evident description of the method to merge the opportunity and external threats a corporate have to confront with its strengths and weaknesses.

RESEARCH METHODOLOGY

The research location was purposively selected. We then considered Pohuwato as the most suitable because farmers living there were just developing farming businesses in coconut. This research took three months of accomplishment, starting from December to February 2019. The method used was a survey method by which we collected empirical data using interviews and observations. The research data types and resources were primary and secondary. For the coconut plantation areas varied, the sample was determined using a stratified random sampling system. Regardless of the total farmer population which consisted of 250 farmers, we only took 15% or 40 farmers. The data collection techniques were observations, questionnaire distributions, interviews, and documentation. Finally, the analysis

method used in this research was the SWOT analysis.

FINDINGS AND DISCUSSION

1. Internal Factors of Coconut

Farming Business Development

a. Strength Factors of Coconut

Farming Business Development

1) Improvement in the Coconut Production

The coconut production in Pohuwato was developed into a preeminent product contributing to the household income of the farmers.

2) Farmers' Experience in Using and Developing Coconuts

Coconut farmers in Pohuwato were knowledgeable and experienced in using and developing coconuts.

3) Increase in Farmers' Household Income

Coconuts were one of the profitable commodities for farmers since they were one of the primary ingredients of almost all Indonesian cuisine.

4) Coconut Usability

All parts of a coconut tree, starting from the root to leaves, were useful. People used them to fulfill their household needs and to build a house or other buildings.

5) Low Maintenance Cost

Coconut trees did not require as many production inputs as other trees/plants.

6) High Demand

The demand for coconut commodities remained to

increase as they were the main ingredient of almost all of Indonesian food and beverages. Not only household consumers, but also corporates perceived that coconuts were important.

b. Weakness Factors of Coconut Farming Business Development

1) Other Plans as Substitutes for Tall Coconuts

Palms existed as the substitute for coconut as the main ingredient of cooking oil.

2) Coconuts' Fluctuated Price

The global market predominantly determined *copra's* price.

3) Lack of Coconut Tree Rejuvenation

Farmers preferred corn, chilis, and horticulture to coconuts.

4) Traditional Coconut Processing

Farmers in Pohuwato processed coconuts manually or traditionally using modest tools due to expensive equipment or technology and limited capital to develop their coconut farming business.

Table 1. Internal Factors of Coconut Farming Business Development Strategies

No.	Internal Factors	Weight	Rating	Worth
Strength				
1	Increase in coconut production	0.07	2	0.14
2	Farmers' experiences regarding the use and development of coconut farming business	0.10	3	0.3
3	Contribution to farmers' household income	0.15	4	0.6
4	Use of coconut trees	0.15	4	0.6
5	Low maintenance cost	0.13	3	0.39
6	High demand	0.05	2	0.1
Total strength		0.65		2.13
Weakness				
1	Plants as substitutes for tall coconuts	0.10	1	0.1
2	Coconuts' fluctuated price	0.05	2	0.1
3	Lack of coconut tree rejuvenation	0.10	1	0.1
4	Traditional coconut processing	0.10	1	0.1
Total Weakness		0.35		0.4

Source: Primary Data Processed, 2019

2. External Factors of Coconut Farming Business Development

a. Opportunity Factors of Coconut Farming Business Development

1) Good Market Prospect

The coconut farming business in Pohuwato had a good market prospect. Coconuts were the main ingredient of almost all Indonesian cuisine and the main material of building construction when the government had

stipulated logging restriction and suggested the community turn to coconuts as a better alternative. Besides, the good market prospect was also maintained by the derivative products of coconut e.g. nata de coco, coconut husk, coconut oil, VCO, coconut water, coconut milk, coconut wood, coconut sticks, coconut shells, coconut husks, and others.

- 2) Needs of Automotive Industries
Automotive industries had declared their needs for coconut husks as the substitute for rubber which was increasingly expensive to make car seat belts.
- 3) Online Marketing
Online marketing appeared as media informing the derivative products of coconuts and contributing to more efficient production costs.
- 4) Cooperation between Farmers and Big Companies
It seemed the use and development of coconut farming businesses by farmers in Pohuwato drew the interests of several big companies e.g. PT. Multi Nabati Sulawesi, prompting them to establish cooperation with farmers in the form of purchasing their products and giving assistance and training in regard to the processing and development of the business.
- 5) Increasing Demands for Coconuts
Broader opportunities were laid upon due to an increase in the demand for coconuts in Pohuwato. Furthermore, the

increase grew more intense due to a significant increase in the demand for coconuts on Ramadhan and other holy days.

b. Threat Factors of Coconut Farming Business Development

1) No Fixed Standard Price of Coconuts

No fixed standard price of coconuts was considered a threat farmers had to confront. A sudden decline in coconuts' price might result in loss and hence urged farmers to find solutions to the loss.

2) Erratic Weather

Erratic weathers harmed the amount of production. Furthermore, climate changes, in which the dry season was longer in period than the rainy season, also generated crop failure. Many coconut trees could not survive and those which managed to survive produced fewer coconuts.

3) Other Farming Businesses Other than Coconuts

Farmers found corn business was more promising in terms of marketing and price and thereby starting to abandon coconuts.

Table 2. External Factors of Coconut Farming Business Development Strategies

No.	External Factors	Weight	Rating	Worth
Opportunities				
1	Good market process	0.15	4	0.6
2	Needs of automotive industries	0.15	4	0.6
3	Online marketing	0.12	3	0.36
4	Cooperation between farmers and big companies	0.10	3	0.3
5	Increase in the demand for coconuts	0.11	3	0.33
Total Opportunity		0.63		2.19

Threats				
1	No fixed standard price of coconuts	0.13	1	0.13
2	Erratic weathers	0.13	1	0.13
3	Businesses Other than Coconuts	0.11	2	0.22
Total Threats		0.37		0.48

Source: Primary Data Processed, 2019

3. Coconut Farming Business Development Strategies in Pohuwato

Using the SWOT analysis diagram, we could identify the coconut farming business development strategy in Pohuwato (Figure 1). Figure 1 indicates that strength was larger than weakness, generating the X-axis in the SWOT analysis diagram. This implies that opportunity was higher than threats, generating the Y-axis in the same diagram. The difference of strength to weakness was 1.73 (the worth was acquired by reducing the total strength by the total weakness). Meanwhile, the

difference between opportunity and threat was 1.71 (the worth was acquired by reducing the total opportunity by the total threat). As such, the coconut farming business development strategy in Pohuwato existed in Quadrant I and thereby corresponding to the aggressive strategy or SO (Strength-Opportunity) strategy. This finding proposes that fact that the coconut farming business development strategy applied in Pohuwato had strengths and opportunities to mitigate the weaknesses and threats.

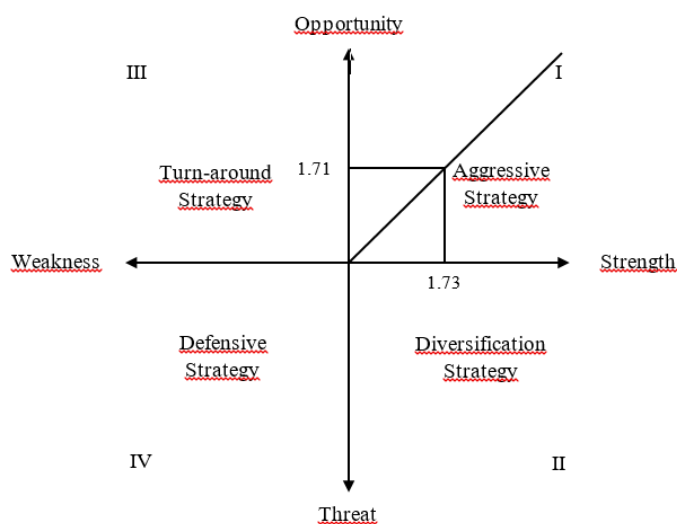


Figure 1. The SWOT Analysis of Coconut Farming Business Development Strategy in Pohuwato

4. Coconut Farming Business Development Matrix in Pohuwato

The SWOT matrix tells how management can build a linkage between

the external opportunities and threats and the internal strengths and weaknesses. The capacity is explained in detail in Table 3.

Table 3. The SWOT Matrix of External and Internal Environments

		Internal Factors	
		Strengths (S)	Weaknesses (W)
External Factors	Opportunities (O)	<p>Strategies (SO)</p> <ol style="list-style-type: none"> Using farmers' experiences regarding coconut development to intensify the government's supports and concerns Using farmers' experiences to escalate consumers' demand for coconuts Using all parts of coconut trees to increase farmers' income 	<p>Strategies (WO)</p> <ol style="list-style-type: none"> The Pohuwato community had developed palm oil as a substitute for coconut oil. Tall coconuts' fluctuated price and the higher demand for coconuts increased farmers' household income. The government's socialization and training helped farmers overcome the lack of coconut tree rejuvenation. Traditional and manual coconut processing could be overcome by a means of cooperation with big companies.
	Threats (T)	<p>Strategies (ST)</p> <ol style="list-style-type: none"> Farmers' experiences in coconut business development could overcome the loss due to crop failure as a result of erratic weathers Due to high demand, farmers should be well aware of the price or information about coconuts in the market to mitigate price manipulation. Using all parts of tall coconut trees would negate farmers' interests in other businesses. 	<p>Strategies (WT)</p> <ol style="list-style-type: none"> Mitigate the risk of crop failure by responding to erratic weather which interfered with coconut growth. Improve farmers' knowledge regarding the information about the price in the market to eliminate price manipulation in the market. Enhance the processing of tall coconuts, preventing the community to turn to alternative plants. Elevate the tall coconut tree rejuvenation, preventing the community to turn to alternative plants.

Source: Primary Data Processed, 2019

CONCLUSION

1. The internal factors which affected the coconut farming business development strategy in Pohuwato were plants as substitutes for tall coconuts, coconuts' fluctuated price, lack of coconut tree rejuvenation, and traditional coconut processing. Furthermore, the external factors included erratic weathers bringing

about crop failure, no fixed standard price of coconut, and farmers' other businesses.

2. The best coconut farming business development strategy in Pohuwato existed in Quadrant I. This quadrant rendered the best support for the aggressive strategy or the SO (Strength-Opportunity) strategy which encouraged self-capabilities,

such as farmers' experiences and abilities and opportunities, such as a prospective market of coconuts. This strategy aimed to mitigate several weaknesses in the coconut farming business, such as coconuts' fluctuated price, threats, no fixed standard price of coconuts, and erratic climates. As a result, we could see progress in coconut farming business development.

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