

Academy of Strategic Management Journal

Country	United States -  SIR Ranking of United States
Subject Area and Category	Business, Management and Accounting Business and International Management Strategy and Management
Publisher	Allied Academies
Publication type	Journals
ISSN	15441458
Coverage	2009-ongoing

11

H Index

Scope Academy of Strategic Management Journal (ASMJ) is a scholarly business and management publication that offers an open access platform to discuss the latest discoveries and innovations in this field. Affiliated to Allied Academies, the journal strictly adheres to double blind peer review policy to maintain the publication quality

Academy of Strategic Management Journal



STRATEGY OF DEVELOPMENT ON CORE COMPETENCIES IN IMPROVING COMPETITIVENESS OF COCOA IN MAMUJU REGENCY, WEST SULAWESI PROVINCE

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ABSTRACT

The purpose of this study was to design model and development strategy of core competencies cocoa. Research activities initiated by revealing the root causes for the development of competitiveness cocoa, identify and establish the criteria or the priority factors that determine the competitiveness of cocoa, and finally to design a model of the pattern of development of core competencies in improving the competitiveness of commodity cocoa in Mamuju district, West Sulawesi. The respondents of this study consisted of government, businesses, universities, NGOs, and the private sector. The method of analysis using descriptive statistics and AHP. The results showed that there are three leading sectors namely plantation, manufacturing, and trading and services. Three leading commodities and their respective weights are cocoa (0.4385), palm oil (0.1820) and paddy rice (0.1550). Then, development of Cocoa must involve stakeholders (governments, universities, NGOs, associations and private) through programs and activities that are coordinated and integrated.

Keywords: Strategy, Core Competencies, Competitiveness, Cocoa, Mamuju, West Sulawesi Province.

INTRODUCTION

In effort to increase national competitiveness, then the industrial development must be conducted with synergy between planning at the national/central and regional levels. This is done by 2 (two) approaches, namely a top down and bottom up. Top-down approach the industrial development is planned with due regard to the priorities identified nationally and followed by regional participation. This is commonly known as development based on design (by design). Bottom-up approach is done by determination of core competencies as area excellence. The use of core competencies in region industrial development is relevant for the purpose of increasing regional competitiveness and ultimately increases national competitiveness. This can happen given that the approach of core competencies are trying to exploit the resources and region

capabilities uniquely, that are not in other region, and therefore, will provide benefits in terms of empowerment of economic actors in the region by exploring the potential of competitive resource (core competencies) that are tangibles. Thus, the region core competency, it is expected that the district/city have high competitiveness, as capital in the global competition. In addition, the region core competence will encourage cooperation inter-region due to the need for other areas of core competence, both similar and that have relevance because entered in the value chain. This will encourage the growth of the value-chain policies across borders and expand the economies of scale (Somekh and Lewin, 2005).

Recently, the problems faced by the region includes the concept of core competence (with its benefits) are not yet fully implemented correctly in the planning of the regional economy. A district/city is often only mimic what is seen and successfully implemented in other areas without considering the internal capabilities and opportunities faced by the region. As a result, many projects that are replicating, failed when implemented in the field (Langoday, 2011). Prahalad and Hamel (1990) defines core competencies as a set of integrated capabilities of a series of resources and its supporting as a result of the accumulation process of learning, which will benefit the competitive success of a business. Three prerequisites are proposed by Prahalad and Hamel (1990) should be applied to identify core competencies within the company must: (1) provide potential access to various markets; (2) make a significant contribution to the benefit of customers the final product; and (3) difficult imitated by competitors. Similarly, Barney (1991), which states that for competitive success, resources and capabilities which are key factors must have a value, rare and difficult to imitate.

Cocoa in West Sulawesi is largely produced from people plantations demanded to become more competitive in the world market and will be dealing with cocoa from other countries. The main problem of increasing the competitiveness of cocoa for people plantations are not able to create quality of cocoa competes with other countries. This is shown by some findings in the field, such as marketing is done individually and impacted for the bargaining position of cocoa farmers is low and the lower price received by farmers, the motivation of farmers to maintain the gardens is low and impacted on the less optimal productivity of cocoa plantations, farmers are not market-oriented but still oriented production, production facilities are still lacking, and the lack of venture capital for cocoa farming. The relationship of farmers, traders, and processing plants are not integrated, resulting in inefficiencies and quality of cocoa beans does not fit the needs of the market (Huseini, 1999; Palmarudi & Sirajuddin, 2011).

The concept of core competencies is popularized by Prahalad and Hamel (1990), is based on a series of tests that identify the organizational resources that offer the greatest strategic value. The core competence is an integrated collection of expertise and technology that is the accumulation of learning that benefits for competitive success of a business. In the process of regional economic, core competence is a set of integrated capabilities for the region to build regional competitiveness with the uniqueness (Barney et al., 2001; Novandari, 2013). The development of regional core competencies is done by involving all stakeholders who have a role in regional development (Williams, 1992). In the determination and the development of regional core competencies, then measures such as the analysis of core competencies indicator, formulation of core competencies, footing basis of core competencies, strategy development, program, budget to the action plan needs to be formulated clearly. In addition, the role of institutions is also becoming important that core competency has a solid support, as well as a tool in the development, monitoring and evaluation of the strategy is operated.

METHOD

The research is located in Mamuju district, Province of West Sulawesi. The choice of location is based on the consideration that Mamuju district as a centre for Cocoa in West Sulawesi. Data and information, both primary and secondary, can be collected by data collection method through instruments following: (1) Questionnaire; (2) In-depth interviews; and (3) Focused Discussion Group (FGD). Stages of data processing were: (1) Data organizing and editing, to examine and re-examine the content of instrument; (2) Sorting data and information, based on the type and the need for information. Data and information are built (in database systems) affect the diagnosis and analysis. Sorting data and information is done through the numbering, naming, measurement level, and category codes; (3) Entry data; and (4) Presentation and interpretation of data, to obtain conclusions.

The method used to make the sorting of leading products is document analysis and interviews to see regional leading product and its contribution to the regional economy, employment, local raw materials supporting, and the support of local government policy is quite large. In cases the region do not have an industrial, the determination of leading product aimed at the upstream sector, by looks the potential of agribusiness that can be developed in the future for the development of industry. The next stage is to conduct sorting and or rating on the product/leading commodity to determine the scale of priorities. The analytical methods used in this research are: (1) Descriptive analysis; (2) Analytical Hierarchy Processes (AHP). Data were analysed using IBM SPSS and AMOS version 23 and Expert Choice 9.5 (Saaty, 2008; Mulyono, 2002).

RESULTS AND DISCUSSIONS

Development Strategy of Cocoa Core Competence

Determination of factors priorities and develop a development strategy of cocoa core competencies can be done by using Analytical Hierarchy Process (AHP). In hierarchy to formulate a development strategy, there are several components that are arranged based on weight criteria. Weight value of criteria/influential factor in considering strategic options is presented in the following Table 1.

No.	Criteria/Determinant	Weight	Priority
1	Labour	0.1398	4
2	Local government support	0.1458	3
3	Related-institution role (LSM, University, Association, Private)	0.1302	5
4	Supply-chain	0.0922	8
5	Market and marketing	0.1174	6
6	Technology	0.1002	7
7	Raw material	0.1614	2
8	Capital access	0.1930	1

Source: Processed data, 2016

The eight of determinant criteria for development of core competencies, capital access at first priority (0.1930), followed by raw materials as a second priority (0.1614), and the local governments support as the third priority (0.1458). From some sectors of business, there are 3 (three) leading sectors in Mamuju district, namely: (1) agriculture; (2) processing industry; and (3) trade and services. Furthermore, commodity or product or excellence services (KPJU) and its weight are as Cocoa (0.4385), Palm oil (0.1820) and Paddy rice (0.1550). Then, the development strategy of cocoa core competencies can be done through coaching (mentoring) strategies, and the industrialization of cocoa (downstream). In detail, the results of weight and priority order of informal sector development strategy are presented in the following Table 2.

No.	Strategy Alternative	Weight	Priority
1	Coaching/Mentoring	0.6346	1
2	Industrialization	0.3654	2

Source: Processed data, 2016

As Table 2 above, it can be known that strategic priority order that can be taken to develop the core competencies of cocoa industry is coaching (0.6346), and industrialization (0.3654).

CONCLUSIONS AND RECOMMENDATIONS

Core competence is an integrated collection for various expertise and technology that is the accumulation of learning that benefits the competitive success of a business. The development strategy of cocoa core competency can be done through coaching and mentoring to cocoa farmers. In addition, local governments should encourage the cocoa processing industries to develop products through downstream program. Therefore, this study has implications on the strengthening of competencies of cocoa industry through an integrated and coordinated program between local governments and all stakeholders.

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