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## Coffee agribusiness development strategy in North Benteng Alla Village, South Sulawesi

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## Coffee agribusiness development strategy in North Benteng Alla Village, South Sulawesi

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**Abstract.** The purpose of this study is formulate a coffee agribusiness development strategy in Benteng Alla Utara Village, Baroko District, Enrekang Regency. The analysis used in this study was descriptive qualitative data analysis aimed at explaining the condition of coffee agribusiness, income analysis aims to determine the income level of coffee farmers in Benteng Alla Utara Village, SWOT analysis is used to determine the alternatives that can be done by coffee agribusiness players, especially in the on-farm subsystem and design the right strategy for coffee agribusiness development in Benteng Alla Village, North Baroko District, Enrekang Regency. The results of this study indicate that the coffee agribusiness conditions in Benteng Alla utara village have links between each subsystem. So it needs to be developed again. The strategy that must be done is to increase coffee production by optimizing various existing resources, so that farmers can increase their income. eveloping the market and share of the coffee market, including farmers in coffee agribusiness training activities in order to add insight to farmers to develop their coffee farming. And carry out intensive rejuvenation and maintenance a ctivities of coffee plants and the use of technology that is good for farming and post-harvest processes.

### 1. Introduction

Coffee is a tropical commodity that is approved throughout the world with the contribution of total exports of tropical commodities, beverages with the basic ingredients of coffee bean extract, around 2.25 billion cups every day worldwide. Indonesia is the third largest exporter of coffee in the world after Vietnam. Apart from being used as an export commodity, coffee is also grown domestically [6].

In 2016, the value of Indonesia's coffee exports ranks the fifth largest commodity in Indonesia after oil palm, rubber, cocoa and coconut with a trade value of 1.01 billion US \$ or contributing 3.94% to the trade value of plantation commodities which reached 25.58 billion US \$. Coffee cultivated between 2001 and 2017, the majority of Robusta coffee types reached 81.96% or reached an average area of 1.04 million hectares, while Arabica coffee only reached an average area of 228.71 thousand hectares or a share of 18.04% of the total area Indonesian coffee area. The level of domestic coffee consumption based on the results of the 1989 UI LEPM survey was 500 grams/capita/year. Currently, coffee entrepreneurs estimate that the level of coffee consumption in Indonesia has reached 800 grams/capita/year. Thus the nature of the 20-year period of increased coffee consumption has reached 300 grams/capita/year [2].

Success of coffee agribusiness requires all parties involved in the process of producing processed coffee and marketing coffee commodities. Efforts to improve coffee productivity and quality continue to be done to improve the competitiveness of coffee in Indonesia to compete in the world market.



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Bustanul's [3] stated research the coffee sector, global sustainability standards have been developed for the most part in voluntary initiatives, involving collective formulation by some stakeholders, outside the framework of government bureaucracy. These groups share common interests in specific agendas, such as consumer awareness of the public health, fertilizer and pesticide contamination, organic perspectives, and other interests to protect endangered species, biodiversity, and other functions of the natural environment.

In 2009 Robusta coffee export volume Indonesia increased to 434,430 tons from the previous year 2008 was 348,187 tons. Then in 2011 the volume of coffee exports Indonesia's robusta decreased to 265,368 tons. The value of Indonesian coffee exports has fluctuated. Fluctuations in the value of exports are more influenced by coffee price changes compared to changes in export volume [4].

In the current era of trade liberalization, it is actually an opportunity for Indonesia's Robusta coffee trade in the international market. The export barrier in the form of tariffs will gradually disappear and this will reduce the burden on national coffee exporters, which in turn will also benefit Indonesian coffee farmers. The problem faced by Indonesia is the low quality of robusta coffee which is Indonesia's main export coffee product is often justified of poor quality. The price of coffee is largely determined by the quality, where the quality of the coffee is influenced by the country of origin of the place of growth, variety, and post-harvest handling [5]. Volume of Indonesian coffee exports averaged around 350 thousand tons per year, including robusta coffee (85%) and arabica (15%). Indonesia is famous for various types of coffee with different flavors, even its name is famous in the international coffee market, such as Java coffee, Gayo Mountain coffee, Mandheiling coffee, and Toraja / Kalosi coffee. All of these types of coffee are specialty Arabica coffee. South Sulawesi is one of the provinces in Eastern Indonesia that has the potential to develop coffee. This is indicated by a very extensive planting area and a very supportive agro-climatological situation. % of Indonesian Arabica coffee, equivalent to 20.10 thousand tons per year. The diversity of Arabica coffee production in 2015, Arabica coffee produced by smallholder plantations in the province reached 20.35 thousand tons of rice coffee. This production is spread almost in all regencies/cities in South Sulawesi Province with five main districts dominating, namely the largest in Enrekang Regency which contributes 38.93% or production of 7.92 thousand tons. Furthermore, Tana Toraja and North Toraja Regencies, with the above share 10%, namely 13.96% and 10.37% or the realization of production of 2.84 thousand tons and 2.11 thousand tons of rice Arabica coffee. Sub-district. Baroko In particular, the cultivation of coffee in 2015 produced high production because it was treated well. Baroko is a coffee producer with high production, which is around 2,041 tons/year with an area of 3,424 hectares.

## 2. Methods

This research was conducted in the village of Benteng Alla Utara, Baroko District, Enrekang Regency. The research location was chosen by purposive sampling with the consideration that it is the center of coffee development in Enrekang Regency. Data were analyzed qualitatively, income analysis, and SWOT analysis. SWOT analysis has focused on analyzing organizations for recommended strategic actions. As a methodology for strategic positioning, SWOT analysis has been extended beyond companies to countries and industries and is used in virtually every published business case positioned for business student analysis [6].

Data obtained from farmers who cultivate coffee plants in the village of Benteng Alla Utara. There are 20 farmer groups in Benteng Alla Utara Village spread over six hamlets. The sampling technique used is probability sampling, which is taking six farmer groups as representatives. So the total number of members in the 6 groups there are 120 people and 20% of the 120 people selected to be sampled are 24 farmers by taking 4 farmers each group randomly.

### 3. Results and discussion

#### 3.1. Strategy Analysis Using the SWOT Matrix

<b>Internal</b>  <b>External</b>	<b>Strengths</b>	<b>Weakness</b>
	S-1 good coffee quality S-2 Age of productive farmer S-3 Peteni who is quite competent S-4 Farmers are highly motivated	W-1 Old plant age W-2 Fluctuating coffee production results W-3 Farmer's capital limitations W-4 Lack of technology owned by farmers for post-harvest activities
<b>Opportunity</b>	<b>Strategy S-O</b>	<b>Strategy W-O</b>
O-1 Availability of a wide market O-2 Number of coffee requests O-3 The mutual cooperation culture is still strong. O-4 Role of farmer groups	SO-1 Develop coffee products by utilizing market opportunities (S1, S2, S3, S5, S7, O1, O2) SO-2 Increases coffee production by optimizing existing sources <sup>11</sup> increase farmers' incomes (S1, S2, S3, S4, S5, S6, S7, O2, O3, O5) SO-3 Involve farmers in coffee agribusiness training activities to develop their business (S1, S2, S3, S4, O4).	WO-1 Provides financial support institutions and training for farmers (W3, W4, O4) WO-2 Proposes assistance for coffee processing equipment and machines by utilizing existing farmer groups (W3, W4, O4).
<b>Threats</b>	<b>Strategy S-T</b>	<b>Strategy W-T</b>
T-1 Transfer of land functions T-2 Competitors T-3 Pest attack T-4 Unstable coffee prices	ST-1 Increases the promotion of North Alla Forta coffee products. (S1, T2, T4)	WT- Perform intensive rejuvenation and maintenance of coffee plants (W1, T1, T3, T4)

**Figure 1.** SWOT matrix of coffee agribusiness development strategy in benteng alla utara village, Baroko District, Enrekang Regency, 2019.

#### 1. SO Strateg<sup>3</sup> Supporting Aggressive Strategies)

This strategy is made based on the way of farming considerations, namely by utilizing all the power to seize and take advantage of opportunities as much as possible. SO strategies that can be adopted by a coffee farm in the village of Benteng Alla Utara, namely:

- a. Develop coffee products by taking advantage of market opportunities.
- b. Increase coffee production by optimizing the various available sources so that farmers can increase their income.
- c. Involve farmers in coffee agribusiness training activities to develop their business.

#### <sup>3</sup> ST Strategy (Supports Diversification Strategy)

Is a strategy in using the strength of farming owned to overcome threats. The ST strategy that can be adopted by a coffee farm in Benteng Alla Utara Village, namely:

- a. Increasing the promotion of typical North Alla Fortress coffee products.

### 3. WO Strategy (Supports Turn-Around Strategy)

This strategy is implemented based on the utilization of existing opportunities by minimizing existing weaknesses. The WO strategy that can be adopted by a coffee farm in Benteng Alla Utara Village, among others:

- a. Provides financial support institutions and training for farmers.
- b. Propose assistance for coffee processing equipment and machines by utilizing existing farmer groups.

### 4. WT Strategy (Supports Defensive Strategies)

This strategy is based on activities that are defensive and try to minimize existing weaknesses and avoid threats. The WT strategy that can be pursued by a coffee farm in the northern village of Benteng Alla, include:

- a. Perform intensive rejuvenation and maintenance of coffee plants. Based on the results of the SWOT analysis, coffee farming in Benteng Alla Utara Village has strengths that can be used in certain strategies, utilizing appropriate opportunities and simultaneously minimizing or avoiding existing weaknesses and threats. This position is very beneficial for farming by improving conditions above average ability.

## 4. Conclusion

Benteng Alla Utara Village Baroko Subdistrict Enrekang Regency already has a link between coffee agribusiness subsystems ranging from upstream, on-farm, downstream and supporting subsystems. So that each agribusiness actor has been able to run each subsystem, this is a support for the progress and development of coffee agribusiness. The coffee agribusiness development strategy in Benteng Alla Utara Village that must be carried out by coffee farmers and the government is developing coffee products by utilizing market opportunities, increasing coffee production by optimizing existing resources to increase farmers' income, involving farmers in coffee agribusiness training activities to develop his efforts, increasing the promotion of coffee products typical of the North Alla Fortress, providing financial support institutions and training for farmers, proposing the assistance of coffee processing tools and machines by utilizing existing farmer groups, and conducting intensive rejuvenation and maintenance of coffee plants.

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