



Strategy of cilor agroindustry development: Case study on cilor MSMEs in South Cikarang District, Bekasi Regency

Anita Suri^{1,*}, Yusuf Irfan¹, Andini Putri Riandani¹, Supriyanto¹, Indah Melati Putri¹,
Wawan Anandartiana Gunawan¹

¹ Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa, Bekasi, West Java 17530, Indonesia.

*Correspondence: anitasuri@pelitabangsa.ac.id

Received Date: May 20, 2024

Revised Date: July 22, 2024

Accepted Date: August 31, 2024

ABSTRACT

Background: Agroindustry development has an important role in increasing regional economic growth and empowering the community. This study aims to identify internal and external factors that influence Cilor agro-industry in South Cikarang District, Bekasi Regency, as well as to develop an effective development strategy. **Methods:** The methods used include SWOT analysis, internal-external matrix, and data collection through interviews and observation. **Finding:** The research results show that cilor agroindustry has great potential to be developed, but also faces several challenges. **Conclusion:** An appropriate development strategy is needed to maximize opportunities and overcome obstacles in the development of cilor's agro-industry. **Novelty/Originality of this article:** The novelty in this research is the study of the Cilor agro-industry development strategy, where there is not much research that discusses similar topics which is expected to help increase the scale of the same business.

KEYWORDS: agroindustry; cilor; development strategy.

1. Introduction

Agroindustry is a series of industrial activities comprising production, processing, transportation, storage, financing, marketing, and distribution processes based on agricultural products (Kurniati, 2015). It can be said that agroindustry is an industry that processes agricultural products into semi-finished materials or final products involving humans, agricultural commodities, capital, technology, information and other factors. According to Austin (1992), agroindustry is a company that carries out physical and chemical processing of raw materials derived from plants and animals to create changes in shape and increase the product's shelf life. Hicks (1995) in Tarigan & Ariningsih (2007) stated that the characteristics of agroindustry activities are: (a) increasing added value, (b) producing valuable and marketable products, (c) increasing storage capacity, (d) generating income profits for producers. The existence of agroindustry is essential for the progress and welfare of a region. With agriculture as its core, agroindustry can absorb much labour, increase the income of its actors, increase regional income and produce the latest innovations to strengthen competitiveness.

Cite This Article:

Suri, A., Irfan, Y., Riandani, A.P., Supriyanto, Putri, I. M., & Gunawan, W. A. (2024). Strategy of cilor agroindustry development: Case study on cilor MSMEs in South Cikarang District, Bekasi Regency. *Jurnal Inovasi Pangan dan Gizi*, 1(2), 92-99. <https://doi.org/10.61511/jipagi.v1i2.1132>.

Copyright: © 2024 by the authors. This article is distributed under the terms and conditions of the Creative Commons Attribution (CC BY) license (<https://creativecommons.org/licenses/by/4.0/>).



Based on Law No. 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs), the criteria included in MSMEs are as follows. First, Micro business criteria have a maximum net worth of Rp. 50,000,000.00 (fifty million rupiah), excluding land and buildings for business premises or having annual sales results of a maximum of Rp. 300,000,000.00 (three hundred million rupiah). Minor business criteria have a net worth of more than Rp. 50,000,000.00 (fifty million rupiah) up to a maximum of Rp. 500,000,000.00 (five hundred million rupiah), excluding land and buildings for business premises or having annual sales results of more than Rp. 300,000,000.00 (three hundred million rupiah) up to a maximum of Rp. 2,500,000,000.00 (two billion five hundred million rupiah). Medium Business Criteria are having net assets of more than IDR 500,000,000.00 (five hundred million rupiahs) up to a maximum of IDR 10,000,000,000.00 (ten billion rupiahs), excluding land and buildings for business premises, or having annual sales results of more than IDR 2,500,000,000.00 (two billion five hundred million rupiahs) up to a maximum of IDR 50,000,000,000.00 (fifty billion rupiahs).

Cilor agroindustry, a promising MSME in Cikarang Selatan District, Bekasi Regency, is dedicated to producing snacks from local wheat flour. With its potential to deliver high-quality products using local raw materials, it's a business to watch. However, it's currently facing various hurdles in its growth journey. This study is aimed at identifying the internal and external factors influencing the Cilor agroindustry and devising effective strategies to enhance its competitiveness and foster business growth, with the ultimate goal of competing in the national and international markets.

Based on this background, an agroindustry development strategy is needed for Cilor MSMEs in order to increase competitiveness. The strategy is designed to overcome problems that hinder the development of the Cilor agroindustry by reducing weaknesses and threats. Then a strategy is formed to create and utilize all existing opportunities and strengths. It is hoped that the Cilor MSME agroindustry will continue to develop and compete with other regions and even with products in the national and international markets.

2. Methods

The object studied and researched in this study is the Cilor MSME agroindustry development strategy in the Bekasi Regency. This research was conducted at the Cilor MSME located on Jl. Pilar, Cibarusah Village, South Cikarang District, Bekasi Regency. The design of this research is qualitative research.

According to Sugiyono (2012), qualitative research methods are research methods based on the philosophy of positivism, used to research natural object conditions, (the opposite is an experiment) where the researcher, as the main instrument, may introduce subjectivity and potential biases. The method used is a case study. Data collection and determination of informants were carried out intentionally (purposive), data collection techniques with triangulation, data analysis is inductive/qualitative, and the results of qualitative research emphasize meaning more than generalization. The data analysis technique in this study is descriptive analysis and SWOT analysis to formulate a strategy for developing the Cilor MSME agroindustry.

3. Results and Discussion

3.1 Factors affecting the strategy of cilor MSME agroindustry development

According to Simatupang (1997), *strategy* is defined as a concept and design that results in integration between the goals, policies and actions of the organization as a whole. Meanwhile, the definition of *agroindustry development* is all efforts made to create better performance than before.

There are several internal factors that have been identified as the strengths of Cilor MSME agroindustry, namely (1) competitive product selling prices, (2) very strategic and potential sales locations to attract buyers, (3) good and smooth cooperation (partnerships) with suppliers of raw materials, (4) use of technology to achieve efficiency in promotion and sales, (5) amiable and fast service from sellers to attract potential buyers and retain customers, (6) excellent handling and management of raw materials.

After being identified, there are also internal factors that are weaknesses of the Cilor MSME agroindustry, namely (1) the quality of raw materials is quite varied, (2) limitations in the production process, (3) low levels of innovation in products, (4) limited modern production equipment, (5) not having a business license (SIU), (6) ineffective financial management.

There are several external factors identified as opportunities for the Cilor MSME agroindustry, namely (1) high market demand and buyer interest in Cilor snacks, (3) utilization of advances in technology to carry out promotions, (3) holding promotions with special prices, (4) collaborating with restaurants or food stalls that are mutually beneficial, (5) innovating in adding flavour variants, (6) creating a unique concept with attractive packaging.

After being identified, there are also external factors that are threats to the Cilor MSME agroindustry, namely (1) fluctuations in raw material prices, (2) market competition with similar products, (3) weather factors that can affect the quality of fresh raw materials, (4) market uncertainty regarding buyer economic factors, (5) changes in consumer food trends towards healthy foods, (6) strict regulations and permits.

3.2 Internal factor evaluation (IFE) and external factor evaluation (EFE) matrix

Table 1 shows that the highest value for the most influential internal factors as the main strengths are competitive prices (0.44) and friendly and fast service (0.44). Table 2 shows that the highest value for external factors that have the potential to be the main opportunities are competitive prices (0.44), and innovation in flavor variants (0.36). Table 1 and Table 2 can be seen as follows.

Table 1. Identification of internal factors of Cilor MSME agroindustry

Internal strategic factors	Weight	Rating	Score
Strength:			
1 Competitive prices	0.11	4	0.44
2 Strategic and potential location	0.08	3	0.24
3 Partnership with raw material suppliers	0.09	3	0.27
4 Friendly and fast service	0.11	4	0.44
5 Use of technology for efficiency	0.06	3	0.18
6 Good raw material stock management	0.07	4	0.28
Weakness:			
1 Variation in raw material quality	0.11	1	0,11
2 Production capacity limitations	0.08	1	0,08
3 Low level of innovation in products	0.09	1	0,09
4 Limitations of modern production equipment	0.06	2	0,12
5 Does not have a Business License	0.06	2	0,12
6 Ineffective financial management	0.08	2	0,16
Total	1,00		2,53

Table 1 shows that the highest value for the most influential internal factor as the main weakness is ineffective financial management (0.16). While the smallest weakness is limited production capacity (0.08).

Table 2. Identification of external factors of Cilor MSME agroindustry

	Weight	Rating	Score
Opportunity:			
1 High market demand	0.11	4	0.44
2 Technological advances for marketing	0.07	3	0.21
3 Special price promotion	0.08	4	0.32
4 Collaboration with restaurants/food stalls	0.06	3	0.18
5 Innovation of flavor variants	0.09	4	0.36
6 Unique concept and attractive packaging	0.08	4	0.32
Threats:			
1 Fluctuations in raw material prices	0.11	1	0.11
2 Market competition	0.07	2	0.14
3 Weather factors	0.11	1	0.11
4 Market uncertainty	0.07	2	0.14
5 Trends of healthy food	0.09	2	0.18
6 Strict regulations and licensing	0.06	2	0.12
Total	1		2.63

Table 2 shows that the highest value for external factors that have the most potential as major threats are healthy food trends (0.18), market competition (0.14) and market uncertainty (0.14). While the weakest threats faced are raw material price fluctuations (0.11) and weather factors (0.11).

The IE (internal - external) matrix is generated by matching information obtained from the IFE and EFE matrix tables to obtain information about the company's position in order to facilitate determining alternative strategies. The IFE matrix value of 2.53 indicates that the Cilor MSME agroindustry has a fairly good ability to utilize its strengths and overcome its weaknesses. While the value that is suitable to be applied is "Hold and Maintain". Based on this type, the strategies that can be carried out for the Cilor MSME agroindustry are: market penetration and product development. Market penetration is a strategy used by a company to focus on maintaining or increasing market share or sales of products that are already in the market. Market penetration strategy can be done by setting competitive prices, advertising efforts or product promotions and establishing partnerships for marketing and gaining consumer loyalty. While product development is the process of improving, changing or creating new food products. By conducting market research, innovation in the raw materials used, formulation, changes in the production process and product testing to ensure quality and suitability to consumer needs.

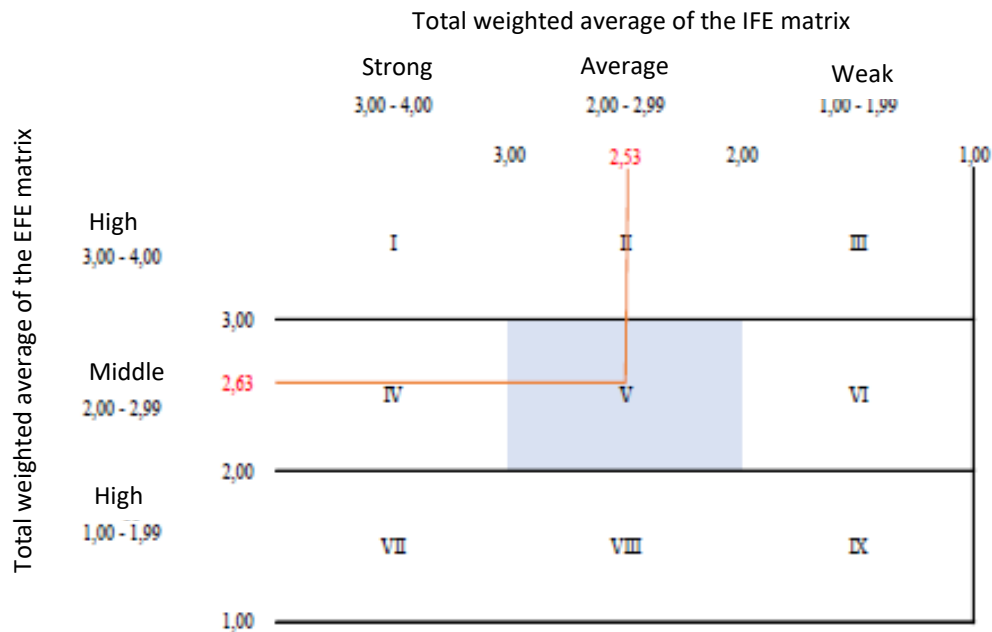


Fig 1. Cilor’s MSME agroindustry IE matrix

3.3 SWOT analysis matrix

According to Rangkuti (1998), SWOT analysis is a way for companies or organizations to systematically identify various factors to formulate the most appropriate strategy to achieve goals. SWOT analysis is an important step in formulating a strategy by measuring the strengths and weaknesses that come from the company's internal environment including company performance, as well as opportunities and threats that come from the company's external environment.

Table 3. SWOT matrix of Cilor MSME agroindustry development strategy

	Strenght S1, S2, S3, S4, S5, S6	Weakness W1, W2, W3, W4, W5, W6
Opportunity <u>O1, O2, O3, O4, O5, O6</u>	SO strategy 1. Exploring new market potential for Cilor MSME products and expanding marketing reach (S2, S5, O1, O4, O5, O6) 2. Conducting regular market research to identify consumer behavior and their needs (S4, S5, O1, O3) 3. Optimizing the use of social media to build brand awareness and interaction with customers (S5, O1, O2) 4. Maintaining product quality and customer satisfaction through regular feedback and	WO strategy 1. Creating product variations with unique advantages that can take advantage of market competition opportunities (W1, W3, O5, O6) 2. Conducting evaluations of competitors' strengths and weaknesses to find opportunities that can be utilized (W2, W4, W5, O2, O4) 3. Actively participating in events to take advantage of business networking opportunities and product promotions (W3, O2, O3)

	evaluation mechanisms (S3, S6, O4, O5)	4. Developing a strong differentiation strategy to differentiate yourself from competitors (W1, W3, O3, O5, O6)
Threats <u>T1, T2, T3, T4, T5, T6</u>	ST strategy 1. Maintaining competitive and flexible prices to face competitor threats (S1, S5, S6, T1, T2, T4) 2. Using new and innovative technologies to improve operational efficiency (S5, T5) 3. Developing strong business networks and collaboration with strategic partners (S3, S4, S6, T2, T4) 4. Maintaining excellence in terms of business sustainability and satisfaction of consumer preferences and expectations (S1, S2, S4, T6)	WT strategy 1. Following market trends and developments to adjust strategies to market changes (W3, W4, W5, T2, T4) 2. Managing permits and regulations properly to comply with SOP (W5, W6, T6) 3. Improving operational efficiency for more efficient production (W1, W2, W4, T5) 4. Diversifying products to reach more market segments (W1, W3, T5)

After the analysis of internal and external factors of the Cilor MSME agroindustry is entered into the IFE Matrix and EFE Matrix, then the results are entered into a qualitative model. The SWOT Matrix as a qualitative model is used as a reference in formulating the company's competitive strategy. This matrix will produce four types of alternative strategies based on the matching between each SWOT element, namely: Strengths (S-Strength), Weaknesses (W-Weakness), Opportunities (O-Opportunity), and Threats (T-Threats) owned and faced by Cilor MSME (Table 3).

4. Conclusions

Identification of the internal and external environment of the Cilor MSME agroindustry. First, main strengths include competitive prices, friendly and fast service and good management of raw material stock. Second, main weaknesses include ineffective financial management, limited modern production equipment and not having a business license (SIU). Third, main opportunities include high market demand, innovation in flavor variants, unique concepts and attractive packaging and special price promotions. Fourth, the main threats include healthy food trends, market competition and market uncertainty. The right development strategy to be applied to the Cilor MSME agro-industry is the "Hold and Maintain" strategy. This strategy can be done by implementing a priority strategy, namely maintaining a good raw material management system so that production can continue to be sustainable and developing new products by conducting research and innovation.

Acknowledgement

Not applicable.

Author Contribution

Not applicable.

Funding

Not applicable.

Ethical Review Board Statement

Not applicable.

Informed Consent Statement

Not applicable

Data Availability Statement

Not applicable

Conflicts of Interest

Not applicable

Open Access

©2024. The author(s). This article is licensed under a Creative Commons Attribution 4.0 International License, which permits use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license, and indicate if changes were made. The images or other third-party material in this article are included in the article's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the article's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder. To view a copy of this license, visit: <http://creativecommons.org/licenses/by/4.0/>

References

- Austin, J. E. (1992). *Agroindustrial Project Analysis Critical Design Factors: EDI Series in Economic Development Second Edition*. John Hopkins University Press.
- Kurniati, E. D. (2015). *Kewirausahaan Industri*. Penerbit Deepublish.
- Rangkuti, F. (1998). *Analisis SWOT Teknik Membedah Kasus Bisnis*. Gramedia Pustaka Utama.
- Simatupang, T. M. (1997). *Pemodelan Sistem. Bandung: Studio Manajemen Jurusan Teknik Industri*. Institut Teknologi Bandung.
- Sugiyono. (2012). *Metode Penelitian Pendidikan, Pendekatan Kuantitatif, Kualitatif dan R&D*. Alfabeta.
- Tarigan, H., & Ariningsih, E. (2007). *Peluang dan Kendala Agroindustri Sagu di Kabupaten Jayapura*. Pusat Analisis Sosial Ekonomi dan Kebijakan Pertanian.

Biographies of Authors

Anita Suri, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: anitasuri@pelitabangsa.ac.id
- ORCID: -
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -

Yusuf Irfan, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: yusufirfan@pelitabangsa.ac.id
- ORCID: -
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -

Andini Putri Riandani, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: andiniriandani@pelitabangsa.ac.id
- ORCID:-
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -

Supriyanto, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: supriyanto@pelitabangsa.ac.id
- ORCID: -
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -

Indah Melati Putri, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: indahmelati569@gmail.com
- ORCID: -
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -

Wawan Anandartiana Gunawan, Department of Agricultural Product Technology, Faculty of Engineering, Universitas Pelita Bangsa.

- Email: wawangunawan4318@gmail.com
- ORCID: -
- Web of Science ResearcherID: -
- Scopus Author ID: -
- Homepage: -