DETERMINATION OF AGROINDUSTRY DEVELOPMENT STRATEGY FOR SMALL AND MEDIUM ENTERPRISE CLUSTERS OF REGIONAL EXCELLENCE BASED ON LOCAL AGRICULTURAL RESOURCES TO SUPPORT THE ECONOMY IN WONOGIRI REGENCY

Irma Wardani*, Tria Rosana Dewi, Wahyu Tulus Nugroho
Agribusiness Study Program, Faculty of Agriculture, Islamic University of Batik Surakarta
Email : irma.wardani@gmail.com

Abstract : *In supporting the government's progress and future development, it is necessary to make the agricultural sector-based industry Small and Medium Enterprises the leading sector in the development of a region. Wonogiri Regency is one of the regencies in Central Java that has enough potential to develop Small and Medium Enterprise agroindustry. The objectives of this study are 1) to determine the internal and external factor environment in the Agroindustry Small and Medium Enterprise Leading Cluster and 2) to select alternative strategies for business actors using the methods used in the IFE and EFE Matrices, SWOT Analysis, and QSPM. The results of the study are 1) the strategies used are market penetration strategies, market development, and product development, and 2) the selected strategy is market development. Strategies that can be used in market development in cashew clusters are 1) utilization of information technology, 2) expanding the network/marketplace, 3) revitalization of cashew crops, and 3) training of human resources to increase productivity.*

Keywords: *Development, Agroindustry, Cashew Cluster, SWOT, QSPM*

1. Introduction

Small and medium-sized businesses generally support regional economic growth, which can affect Indonesia's economic growth. So, the Small and Medium Enterprise unit is a business unit that can become the lifeblood of the regional and national economy. Small and medium enterprises are among the strongest businesses amid an economic crisis. Currently, around 98% of economic actors, the majority of whom are business actors (Sulaeman & Alqifari, 2021).

Small and medium enterprises are activities that increase economic growth, movement, and development. Small and medium enterprises are businesses run by individuals, households, and small business entities. Micro, small, and medium enterprises have become an alternative to tackling unemployment because these businesses can absorb labor without requiring a level of education (Rohmawati et al., 2020).

This is because the development of Small and Medium Enterprises can develop various activities in the agribusiness system as a whole, so it has a major influence on achieving various regional development goals. In the framework of agro-industry development, for Indonesia, it is very important to pay attention to agro-industry on the scale of small and medium enterprises. This is because most of Indonesia's Small and Medium Enterprises are in this sector (Amir, 2014).

An industrial cluster approach that considers regional core competencies, in addition to producing Small and Medium Enterprise agro-industrial clusters with high performance, will also increase the competitiveness of the regional economy as a whole (Amir, 2014).

Currently, Wonogiri Regency is developing a cluster of micro, small, and medium enterprises to encourage business activities that can generate efficiency in business clusters. Developing small and medium enterprises in Wongiri Regency and creating increased regional economic growth also increase community business opportunities (Litbang & Wonogiri, 2022).

Table 1. Small and Medium Enterprise Data Wonogiri Regency in 2022

Business Sector		Total SMES
Agriculture		**393**
Mining		39
Ind Processing		22.360
Electricity, Gas		995
Building		32
Trade, Hotel, Restaurant		15.767
Transportation	and	19
Communication		
Finance and		43
Private Services		1.628

Source: Data from the Ministry of Cooperatives and SME and the Department of Industry

The cluster development program in Wonogiri Regency has various problems, such as: 1) need for more government support for business actors. 2) the difficulty of accessing banks and capital, 3) the absence of a cluster development business plan, and 4) the limited competence of human resources of business actors. Some of the problems faced by the cashew industry in Wonogiri Regency are: the number of cashew plant populations is decreasing so much that it requires rejuvenation, there is no good cooperation between farmers, collectors, and traders, cashew market share is still controlled mainly by the local market, cashew fruit meat processing procedures need attention because so far there are no Small and medium enterprises that can process and utilize cashew fruit meat more optimally (Litbang & Wonogiri, 2022). Based on the description above, it is necessary to know the priority strategy that the Cashew Cluster will use.

2. Research Methods

The method used in this research is the descriptive analytical method, which is a descriptive-analytical research. A method that focuses on the problem of the current state of the object. The type of research used is qualitative research. Respondents in this research are vital informants who have been involved long enough and fully in the activities that are of concern to researchers. The selection of respondents is based on the principle of subjects who master the problem, have data, and are willing to provide complete information determined by the snowball sampling technique (Lubis et al., 2019). The location of this research is the result of Focus Group Discussions and surveys and previous research, namely the determination of Agroindustry Small and Medium Enterprise Regional Leading Clusters using the AHP method shows that the regional leading cluster in Wonogiri Regency is the Cashew Cluster based on regional economic development criteria, product competitiveness, and labor absorption (Wardani et al., 2023). Therefore, further analysis is needed to determine the strategy for the Cashew Cluster.

Data collection techniques using primary and secondary data. Data was obtained from purposive sampling, namely by interviewing in the form of data and information, and supported by secondary data from agencies/institutions related to the research. The data analysis technique consists of:

1. IFE and EFE Analysis
   a. IFAS and EFAS Matrices analyze the internal and external environmental factors of the Cashew Cluster Small and Medium Enterprise Agro-Indutrient. The classification of strengths and weaknesses used the IFAS matrix, while the analysis of external factors in the form of opportunities and threats used the EFAS matrix.
   b. Weighting technique the technique used to determine the assessment of the weight of internal and external factors is the pairwise technique. This technique compares in pairs each variable in the horizontal row.
   c. Rating technique Rating is a measurement of the influence of each variable using a rating value on a scale of 1-4 for each strategic factor owned (Sulaeman & Alqifari, 2021).

2. SWOT Analysis
   SWOT analysis is a way of analyzing internal factors and external factors into strategic steps in optimizing a more profitable business. An important part of the strategic management planning process, SWOT analysis is designed to be used in the early stages of decision-making and as strategic planning (Herdhiansyah et al., 2012).

3. QSPM Matrix
   QSPM analysis is used to objectively evaluate strategies based on critical internal-external success factors that have been identified in the previous stage. The final stage of strategy analysis is the selection of strategies that are suitable and can be carried out by the company (Setyorini et al., 2016). The Quantitative Strategic Planning Matrix (QSPM) method for analyzing business portfolios creates a graphical framework to describe the businesses owned by diversified companies (Elisabet et al., 2021).

3. Results and Discussions

Wonogiri Regency has high cashew crop potential, where cashew has become a brand from the Wonogiri area. Superior cashew trees produce quality cashews, with traditional processing without preservatives and distinctive flavors, making cashew products competitive in the market. The cashew industry can encourage various sectors such as agriculture, economy, and tourism. Farmers in each regional cluster must be supported and encouraged to maintain the quality of cashew cultivation.

Local regional and national markets can accept cashew products from Agroindustry Small and Medium Enterprise. The Cashew Cluster Small and Medium Enterprise Agroindustry is centered in the Jatisrono District. Cashew nuts produced from Wonogiri Regency amounted to 8706 tons per year. The cashew industry can encourage various sectors such as agriculture, economy, and tourism. Farmers in each regional cluster must be supported and encouraged to maintain the quality of cashew cultivation. Cashew production from Wonogiri Regency only covers about 30% of market demand in Wonogiri, so a strategy is needed to increase the productivity of cashew products. Internal and external environment identification is carried out to determine the position of Agroindustry Small and Medium Enterprise in the Cashew Cluster.

1. Internal Factor evaluation (IFE)

Table 2: Identification of Opportunity and Threat Factors in Cashew Cluster Small and Medium Enterprise Agroindustry

NO	INTERNAL FACTORS
	STRENGTHS
1	Human resources Local people are quite skilled
2	Local and national markets can accept cashew products
3	Cooperation with partners for raw materials
4	New product innovation by adding flavor to cashew products
5	The existence of groups for cashew Small and Medium Enterprise
6	High potential of cashew plants
	WEAKNESSES
1	Limited cashew crop area
2	Lack of agricultural technical guidance
3	The processing technology is still simple
4	Limited capital
5	Lack of knowledge about marketplace marketing
6	Lack of training of Small and Medium Enterprise actors in the adoption of processing technology

Source: primary data processed, 2023

2. Eksternar Factor Evalution (EFE)

Table 2: Identification of Opportunity and Threat Factors in Cashew Cluster Small and Medium Enterprise Agroindustry

NO	EXTERNAL FACTORS
	OPPORTUNITIES
1	High market potential / comprehensive marketing coverage
2	High demand from the community
3	Utilization of CSR
4	Good relationship with partners
5	Network expansion and digital marketing openings
6	Technology Innovation
	THREATS
1	Price competition with competitors
2	Declining land quality for cashew crops
3	Expensive raw material prices

| 4 | Fluctuating cashew prices |
| 5 | Development of information technology |

Source: primary data processed, 2023

3. SWOT Analysis

The formulation of alternative strategies for developing Agroindustry Small and Medium Enterprise Leading Clusters in Wonogiri Regency was carried out using SWOT analysis. SWOT analysis clearly illustrates how strengths, weaknesses, opportunities, and threats (Rahayu & Wiwit, 2011). The first stage is to analyze internal factors (strengths and weaknesses) and external factors (opportunities and threats) in the selected Small and Medium Enterprise Agroindustry, then process using a SWOT matrix to formulate alternative strategies (Saputri et al., 2016).

Table 3. SWOT matrix

	STRENGTHS 1. Human resources: Sufficiently skilled local people 2. Cashew products are acceptable to local and national markets 3. Cooperation with partners for raw materials 4. New product innovation by adding flavors to cashew products 5. The existence of a group for Cashew Small and Medium Enterprise 6. High potential of cashew crop	WEAKNESSES 1. Limited cashew crop area 2. Lack of agricultural technical guidance 3. Processing technology is still simple 4. Limited capital 5. Lack of knowledge about marketplace marketing 6. Lack of training of Small and Medium Enterprise actors in adopting processing technology.
OPPORTUNITIES 1. High market potential / broad marketing reach 2. High demand from the community 3. Utilization of CSR 4. Good relationship with partners 5. Openness to network expansion and digital marketing 6. Technology innovation	SO strategy 1. Adding product innovation/cashew derivatives 2. Utilization of information technology media for cashew promotion 3. Cashew cluster assistance significantly expands the network 4. Cooperation with stakeholders (hotels, restaurants) and CSR	WO Strategy 1. Creation of a unique gallery to accommodate cashew products from Small and Medium Enterprise actors 2. Improve quality so that products can have a longer shelf life 3. Rejuvenation and cashew nurseries in potential areas.
THREATS 1. Price competition with competitors 2. Declining land quality for cashew crops 3. Expensive raw material	ST Strategy 1. Increase productivity of cashew products and cashew nut plants 2. Utilization of technology in cashew processing and	WT Strategy 1. Offer capital for Small and Medium Enterprise 2. Human resources training related to information management system

prices 4. Fluctuating cashew price 5. Information technology development	marketin 3. Diversification of processed cashew products	3. Cluster assistance for cultivating cashew nurseries and increasing cashew product productivity

Source: primary data processed, 2023

From Table 3, a SWOT analysis that determines alternative strategies can be concluded intensive strategies, namely market penetration, market development, and product development. Furthermore, the QSPM Matrix analysis was carried out.

QSPM Matrix

QSPM analysis objectively evaluates strategies based on critical internal-external success factors identified in the previous stage. The final stage of strategy analysis is selecting suitable strategies that can be carried out by the company (Setyorini et al., 2016). The Quantitative Strategic Planning Matrix (QSPM) method for analyzing business portfolios creates a graphical framework to describe the businesses owned by diversified companies (Elisabet et al., 2021).

Table 4. QSPM Matrix

No	Strategic Factors	Weight	Market Penetration		Market Development		Product Development	
			AS	TAS	AS	TAS	AS	TAS
	Strengths							
1	Human resources Local people are quite skilled	0,065	2	0,129	3	0,194	3	0,194
2	Local and national markets can accept cashew products	0,097	2,5	0,242	3	0,290	3	0,290
3	Cooperation with partners for raw materials	0,129	4	0,516	3,5	0,452	3	0,387
4	New product innovation by adding flavor to cashew products	0,048	3	0,145	3	0,145	4	0,194
5	The existence of groups for cashew Small and Medium Enterprise	0,097	2,5	0,242	3	0,290	3	0,290
6	High potential of cashew plant	0,097	3	0,290	3	0,290	3	0,290
	Weaknesses							
1	Limited cashew crop area	0,097	3	0,290	4	0,387	2,5	0,242
2	Lack of agricultural technical guidance	0,097	2	0,194	3	0,290	2,5	0,242
3	The processing technology is still simple	0,065	2,5	0,161	3	0,194	2,5	0,161
4	Limited capital	0,081	3	0,242	3,5	0,282	3	0,242
5	Lack of knowledge about marketplace marketing	0,065	3	0,194	3	0,194	3	0,194
6	Lack of training of Small and Medium Enterprise actors in the adoption of processing technology	0,065	3	0,194	3	0,194	3	0,194
	Opportunities							
1	High market potential / broad marketing reach	0,083	3	0,250	3	0,250	4	0,333
2	High demand from the community	0,067	2,5	0,167	3	0,200	2	0,133
3	Utilization of CSR	0,067	2	0,133	2,5	0,167	2	0,133
4	Good relationship with partners	0,067	3	0,200	3	0,200	3	0,200
5	Network expansion and digital marketing	0,100	3,5	0,350	3	0,300	4	0,400

	openings							
6	Technology Innovation	0,083	3	0,250	2,5	0,208	4	0,333
	Threats							
1	Price competition with competitors	0,100	4	0,400	4	0,400	4	0,400
2	Declining land quality for cashew crops	0,067	2,5	0,167	4	0,267	4	0,267
3	Expensive raw material prices	0,100	3	0,300	3	0,300	3	0,300
4	Fluctuating cashew prices	0,133	3	0,400	3	0,400	4	0,533
5	Development of information technology	0,133	3	0,400	4	0,533	3	0,400
				5,855		6,427		6,353

Source: primary data processed, 2023

Table 4 shows that the market development strategy has a score of 6.427, followed by a product development strategy of 6.353 and a market penetration of 5.855. This shows that the Cashew Cluster Small and Medium Enterprise Agroindustry actors chose the market development strategy. The existence of high demand, lack of digital marketing, lack of human resource skills in utilizing technology, the choice of strategies chosen in the Cashew Cluster Small and Medium Enterprise Agroindustry, namely business actors are encouraged to take advantage of CSR and networking, increase the use of technology for digital marketing.

In response to globalization, it has been proven that many Small and Medium Enterprises can adopt digital technology. However, behind that, Small and Medium Enterprises also have limitations in their development. This is because Small and Medium Enterprises have limited resources and expertise in various fields such as management, formal finance, and human resource capacity, which impacts the ability to develop business scale, especially in marketing. (Azzahra et al., 2021)

One of the market developments is the digital marketing strategy that affects up to 78%. of the competitive advantage of small and medium enterprises in marketing their products. Small and Medium Enterprise development strategies to survive can be done by increasing competitiveness and developing human resources to have value and survive in the ACFTA market, including providing access to marketing information and developing information technology (IT) (Syukri & Sunrawali, 2022).

4. Conclusion

Based on the analysis that has been done, it can be concluded that the alternative strategies used in the Small and Medium Enterprise Agroindustry are the market development strategy (6.427), product development strategy (6.353), and market penetration (5.855) and the priority strategy is market development. Utilizing information technology will increase competitiveness in the business economy.

Reference

Amir, A. (2014). *Potensi Klaster Agroindustri Usaha Mikro Kecil dan Menengah di Provinsi Jambi Junaidi, Amri Amir, Hardiani Program Magister Ilmu Ekonomi Fakultas Ekonomi dan Bisnis Universitas Jambi*. 2(1), 9–20.

Azzahra, Y. I., Akhbar, M. A., Riadina, A. M., Nurjani, F. N., & Lazuardi, G. M. (2021). Analisis Strategi Penetrasi dan Pengembangan Pasar dalam UMKM. *Business*

Innovation and Entrepreneurship Journal, *3*(4), 269–274. https://doi.org/10.35899/biej.v3i4.333

Elisabet, L., Lestari, C., Rianita, D., & Sari, P. (2021). Analisis Strategi Bersaing Umkm Menggunakan Formulasi Matriks Manajemen Strategis. *Hasil Penelitian Business Management Journal*, *17*(2), 101–115. https://doi.org/10.30813/bmj.v

Herdhiansyah, D., Sutiarso, L., Purwadi, D., & Taryono, T. (2012). Strategi Pengembangan Potensi Wilayah Agroindustri Perkebunan Unggulan. *Jurnal Teknik Industri*, *13*(2), 201–209. https://doi.org/10.22219/jtiumm.vol13.no2.201-209

Litbang, B. D. A. N., & Wonogiri, K. (2022). *Pemerintah kabupaten wonogiri*.

Lubis, F. A., Harisudin, M., & Fajarningsih, R. U. (2019). Strategi Pengembangan Agribisnis Cabai Merah di Kabupaten Sleman dengan Metode Analytical Hierarchy Process. *AGRARIS: Journal of Agribusiness and Rural Development Research*, *5*(2). https://doi.org/10.18196/agr.5281

Rahayu, & Wiwit. (2011). Strategi Pengembangan Komoditas Pertanian Unggulan di Kecamatan Kalitidu Kabupaten Bojonegoro. *SEPA: Jurnal Sosial Ekonomi Pertanian Dan Agribisnis*, *7*(2), 127–134.

Rohmawati, N., Studi, P., Fakultas, A., & Universitas, P. (2020). " Griya Shanum " Desa Wedi Kecamatan Kapas Kabupaten. *Jurnal Oryza*, *7*(1), 1–9.

Saputri, A. D., Marwanti, S., Setyowati, N., Ir, J., & No, S. (2016). *Analisis Potensi Dan Strategi Pengembangan Agroindustri Unggulan Di Kabupaten Wonosobo, 4*(3).

Setyorini, H., Effendi, ud, & Santoso, I. (2016). Analisis Strategi Pemasaran Menggunakan Matriks SWOT dan QSPM (Studi Kasus: Restoran WS Soekarno Hatta Malang) Marketing Strategy Analysis Using SWOT Matrix and QSPM (Case Study: WS Restaurant Soekarno Hatta Malang). *Jurnal Teknologi Dan Manajemen Agroindustri*, *5*(1), 46–53.

Sulaeman, S., & Alqifari, M. (2021). "Strategi Pengembangan Usaha Mikro Kecil Dan Menengah Industri Tempe (Studi Kasus Pada Home Industri Tempe Batur Di Desa Jelantik)." *JISIP (Jurnal Ilmu Sosial Dan Pendidikan)*, *5*(4), 1588–1602. https://doi.org/10.58258/jisip.v5i4.2646

Syukri, A. U., & Sunrawali, A. N. (2022). Digital marketing dalam pengembangan usaha mikro, kecil, dan menengah. *Kinerja*, *19*(1), 170–182. https://doi.org/10.30872/jkin.v19i1.10207

Wardani, I., Dewi, T. R., Wahyu, D., & Nugroho, T. (2023). Implementasi Metode Analytical Hierarcy Process (Ahp) Untuk Prioritas Agroindustri Umkm Klaster Unggulan Daerah Di Kabupaten Wonogiri Implementation of the Analytical Hierarcy Process (Ahp) Method for Prioritized Agroindustry Umkm Regional Leading Clusters in Wonogiri District. *Jurnal Pertanian Agros*, *25*(4), 3431–3436.