

Swot Analysis on Fermented Cassava Industry in Jember Regency

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Abstract: *Small and medium enterprises such as fermented cassava industry were subject to sluggish market, tighter competition, declining productivity. Jember is popular as one of the central producers of cassava products particularly fermented cassava. The research aims was to analyze the strength, weakness, opportunity and threats of fermented cassava industry. The methodology used was qualitative research with using survey and exploratory approach. The data used were primary and secondary data. Data collected by doing documentation, interview and observation for 10 fermented cassava industries located in Jember regency. The research found that fermented cassava industry has strength on low production cost, weakness on traditional technology used to make fermented cassava.. The opportunity for this industry may use higher technology and food's innovation. The threat was on how to produce uniqueness on taste, serve higher quality and quantity of fermented cassava to fulfill the demand.*

Keywords: Fermented Cassava Industry, Opportunity, Strength, Threat, Weakness

1. Background

Strategic planning can be interpreted as a way to help an organization to be more productive by helping guide the allocation of resources in order to achieve goals. Every organization has their own goals, and try hard to achieve it. It is also part of strategic management tools. By doing careful strategic planning is a key to successful strategic management. Davis (2004) said that strategic management allows an organization to be more proactive than reactive in predicting it's own future. It means that organization need to actively initiate and planning their future rather than just respond to activities that might be done routine.

Competitive advantage needs to achieve by doing analysis, decision and actions on organizations productivity. Strategic management process can be defined as a sequential set of analyses and choices than can increase likelihood that organization will choose 'good strategy' that would result in competitive advantage (Dergisi, 2017). Strategic management is long term achievement that needs to support by all members of the organizations.

On 2015 total cassava produced in East Java was approximately 3,161,573 tonne. It was decrease compare to production on 2013 which was approximately 3,601,074 tonne. East Java Province was in the third places after Lampung and Central Java, on production of Cassava. Thus shows that cassava is main commodity of farmer in East Java. The potential production of cassava needs other alternative on used. The value added of cassava by changing into fermented cassava or other product.

Jember Regency as part of East Java Province, has huge contribution on agricultural product, including cassava. Jember Regency produce cassava approximately 41.560 tonne on 2013 and 43.128 tonne on 2015(source from BPS Kabupaten Jember). Although Jember regency only contributed 1,2% (on 2013) and 1.36 % on 2015 from total production of cassava in East Java province, but Jember is one of regency who famous with culinary from cassava, including fermented cassava.

This research emphasize on clustering the fermented cassava industry in Jember regency and how to build the strategic planning using SWOT Analysis. The researcher using cluster analysis as methodology to gain data on fermented cassava distribution in Jember regency. We also doing interview and observation with person who involves in fermented cassava industry in Jember.

2. Literature Review

SWOT Analysis

SWOT Analysis is a tool used for strategic planning and strategic management in organizations. It can be used effectively to build organizational strategy and competitive strategy. In accordance with the System Approach, organizations are wholes that are in interaction with their environments and consist of various sub-systems. In this sense, an organization exists in two environments, one being in itself and the other being outside. It is a necessity to analyze these environments for strategic management practices.

Components of SWOT Analysis

SWOT Analysis is a process that involves four areas into two dimensions. It has four components: 'Strengths', 'weaknesses', 'opportunities', 'threats'. Strengths and weaknesses are internal factors and attributes of the organization, opportunities and threats are external factors and attributes of the environment. SWOT Analysis is typically drawn out in a four- quadrant box that allows for a summary that is organized according to the four section titles (Crowder, 2016).

In SWOT Analysis, strong and weak aspects of an organization are identified by examining the elements in its environment while environmental opportunities and threats are determined by examining the elements outside its environment. In this sense SWOT Analysis is a strategic planning tool used to evaluate the strengths, weaknesses, opportunities and threats of an organization (Madsen, 2016). It provides information that is helpful in matching the

organization's resources and capabilities to the competitive environment in which it operates.

Strengths and opportunities are helpful to achieve the organizational objectives. They are favourable for organizations. Weaknesses and threats are harmful to achieving the organizational objectives. They are unfavourable for organizations. Therefore, underlying any successful selection of strategies is an analysis of the organization's internal strengths and weaknesses that are posed by internal environment and the opportunities and threats that are posed by the external environment. In other words, manager's role is to try to 'fit' the analysis of externalities and internalities, to balance the organization's strengths and weaknesses in the light of environmental opportunities and threats.

3. Research Methodology

Methodology of the research is qualitative research using survey on fermented cassava industry. Analysis unit is the owner of cassava fermented located in Jember regency. The study used primary and secondary data with purposive sampling technique. Method of collecting data method or data collection methods used in this study consist of; (1) documentation, (2) interview and (3) observation. The data collected will be analyzed using approach of Miles & Huberman consist of data collection, data reduction, data display and conclusion drawing/verification. Data were analyzed by triangulation where the data comes from documents and interviews carried out confirm each other. It is hoped in this way reflects the results of the analysis of the conditions, problems and the fact.

4. Results and Findings

The development of fermented cassava industry in Jember Regency was also increasing gradually. The strength on cassava fermented industry in Jember regency was the number of stock on cassava production. Cassava stock in Jember is quite high and adequate to support cassava fermented industry. Those also support by stable price on cassava as raw material for fermented cassava. The price for cassava is approximately Rp 2500-3000 per kilogram. The yeast as indirect material is also cheap. Labor needed covering the whole production process of washing, peeling, boiling, drying, fermentation and packaging. To produce high quality cassava tape, it requires yellow cassava, aged between 10 to 12 months. Optimal production of cassava tape is determined by the quality of raw materials. With good quality raw material, one quintal of cassava can produce 60 kilograms of cassava tape. Overall the production cost of fermented cassava is low and relatively stable during all seasons. Number of fermented cassava industry in Jember Regency only 10 industries. Thus means that competition on fermented cassava industry is low. Potential buyer for cassava fermented is quite high, because cassava fermented is one of popular food in Jember.

Weakness Analysis

Cassava fermented industry is relatively micro industry that uses simple technology. The production process of cassava fermented is still traditional. The use of labour is also quite

massive. It needs some period of time to produce and serve cassava fermented. Thus lead to insufficient supply on fermented cassava. Actually, if the production of cassava fermented using the automatic machine it will be able to produce better cassava fermented in terms of quality and quantity. Another weakness is in terms of variety of taste on cassava fermented. Majority industry in Jember only produce on original cassava fermented flavour. There is no diversification on flavour for fermented cassava.

Opportunity Analysis

Cassava fermented industry in Jember regency may increase their capacity on production by using higher technology. Higher technology will result in improving the production quantity on fermented cassava. Those will also increase the quality of fermented cassava by having standardized taste of fermented cassava. Other things that may also an opportunity for fermented cassava industry is using fermented cassava as raw material for any food production such as fermented cassava's cake, bakpia or any other food's creation. Diversification or innovation on fermented cassava taste will also needed to improve the quality of fermented cassava.

Threat Analysis

Fermented cassava industry is facing threat on finding the uniqueness of fermented cassava. In Indonesia there are various places who produce fermented cassava such as Bandung (called peuyeum), and Bondowoso. Therefore, fermented cassava production in Jember regency needs to find out their uniqueness and improve their quality on production to fulfill demand on overseas. By using higher technology, the quality and quantity of production for fermented cassava may increase.

5. Conclusion and Limitation

Based on the result and findings, we can conclude that the strength of fermented cassava industry in Jember are the number of cassava stock was sufficient to fulfill the demand on fermented cassava and production cost relatively low. The weakness was on the technology used to make fermented cassava still traditional made with intensive labours used. The opportunity for this industry may used higher technology to made fermented cassava and innovation on food using fermented cassava as raw material. The threat was on how to produce uniqueness of fermented cassava taste, serve higher quality and quantity of fermented cassava to fulfill the demand. The limitation of this research was only concentrated on Jember Regency, did not compare the results with other regency such as Bondowoso, who also popular as center of fermented cassava production.

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