Journal of Business and Economics Review

Journal homepage: www.gatrenterprise.com/GATRJournals/index.html

J. Bus. Econ. Review 4 (3) 137 - 146 (2019)

The SWOT Analysis for Chrysanthemum Farmers Business Development Strategies for Fresh Chrysanthemum Farmers

Helmiatin[1*], Etty Susanty[2]

[12]Economic Faculty, Open University, Jalan Cabe Raya Pondok Cabe, 15418, Indonesia

ABSTRACT

Objective – This paper examines the business strategy at cut flower area. The need for cut flowers, especially chrysanthemums, is very large. The farmers of cut flowers are concentrated in Java, namely Malang, Bandungan, Yogyakarta and Cianjur in West Java.

Methodology/Technique – In this study the object is in Bandungan, Semarang area. With large market conditions, it is possible for cut flower farmers to plant various varieties of chrysanthemum that the market likes. In order to fulfil the market prospect that is still wide open, chrysanthemum cut flower farmers must have business strategies that are able to provide guidance on the business being run. Production activities will develop and have an impact on farmers if supported by organizational policies that not only manage internal activities but are also able to face challenges from a dynamic external environment.

Findings & Novelty – The SWOT analysis were used at this research. The strategies that should be created are increasing cooperation, maintaining networks, and expanding marketing. The need for cut flowers especially chrysanthemums flowers in Indonesia is very large. This study aims to identify and examine the internal and external factors of the development of chrysanthemum agribusiness in Bandungan Village and to determine the priority of appropriate agribusiness strategies based on the farmer's needs. This study is descriptive analysis research with a sample of 45 Chrysanthemum farmers. Using SWOT analysis, we found the strength, weakness, opportunity, and threat for the farmers and we could design alternative business strategies. Internal Strategic Factor Analysis Summary (IFAS) is used to identify and evaluate the key internal factors of the company, while External Strategic Factor Analysis (EFAS) is used to organize external strategic factors into generally accepted categories of opportunities and threats. Meanwhile, IE matrix is used to define the business strategy at the company level with greater details. The results suggest that the farmers should strengthen the internal conditions of the farmer groups, improve the production of chrysanthemum flower, and maximize the use of production facilities and equipment, These findings imply that production activities will develop and have a positive impact on farmers if supported by organizational policies that not only manage internal activities but are also able to face challenges of a dynamic external environment.

Type of Paper: Empirical.

Keywords: Chrysanthemum Flower; Strategic Management; SWOT Analysis.

Reference to this paper should be made as follows: Helmiatin; Susanty, E. (2019). The SWOT Analysis for Chrysanthemum Farmers Business Development Strategies for Fresh Chrysanthemum Farmers, *J. Bus. Econ. Review* , 4(3) 137 – 146 https://doi.org/10.35609/jber.2019.4.3(3)

JEL Classification: Q20, Q22, Q29.

1. Introduction

The cut flower business has become an attractive business due to a wide market opportunity. As a tropical country, Indonesia has a variety of ornamental plants with more than 29.000 species (Marwoto, 2017).

* Paper Info: Revised: June 13, 2019
Accepted: September 22, 2019

* Corresponding author: Helmiatin

E-mail: cmia390@gmail.com
Affiliation: Economics, Open University, Indonesia

Based on the Agriculture ministry's data, Indonesia has 964 hectares of chrysanthemums plantation which spreads across 10 provinces producing the total of 427 million stalks in total (The Jakarta Post). Chrysanthemum flowers have become a part of people's lives. The prospects of chrysanthemum flowers market are quite heartening, especially with the development of tourism industries, florists, wedding decorators, and catering services in the country. Market opportunities abroad are also promising (Wijayani, 2017). Chrysanthemums are known as one of the King of Cut Flowers because of its colorful leaves and types. Cut flowers are parts of plants, characteristically including the blooms or inflorescences and some attached plant materials, but not including roots and soil (Gauchan, 2009).

The farmer states that chrysanthemums are more beautiful than roses. In addition to their beauty, Chrysanthemums have a high economic value and the market is still wide open to meet high domestic and foreign market demand (Rudianta, 2018). In Indonesia, Chrysanthemum ranks first in the quantity among the annual markets of the cut flowers (Budiarto, 2007). Until now the supply of Chrysanthemum is not yet sufficient to meet the world's demand that tends to increase. Various advantages and benefits of chrysanthemum flowers have led to a gradual increase in the agricultural business (Rimando 2001). And for Indonesia, the closest foreign market to import Chrysanthemums is Malaysia (https://www.mordorintelligence.com/industry-reports/malaysia-floriculture-market).

Most chrysanthemum farmlands are located in Java Island, such as Cianjur, Cipanas, Semarang, Yogyakarta, Malang, and Sumenep, and in Bali. According to the Central Bureau of Statistics (BPS), in 2014, Semarang Regency has the biggest fresh chrysanthemum producers in Central Java. In Semarang, chrysanthemums cultivation covers a total area of 1.747.000 m2 and produces 110.817.560 stalks. The Central Bureau of Statistics (BPS) in 2014 stated that Bandungan Sub-district was the center of Chrysanthemum in Semarang with the biggest harvest area and highest production, covering up to 1.524.800 m2 of harvest area and produced 96.748.560 stalks. Nevertheless, the production and planting process of Chrysanthemums is still carried out in a traditional manner. To enhance their skills in cultivation, the farmers usually join a farmer group or a union. This research focused on a farmer group which consists of 45 farmers, namely the Gemah Ripah group.

The Gemah Ripah farmer group manages agro-tourism in Kampung Krisan tourist village which is located in Clapar Hamlet, Duren Village, Bandungan, Semarang Regency. On November 6 th 2016, agro-tourism was officially introduced by the Duren Village Government to support the community members who mostly work as chrysanthemum farmers. The village has around 6.5 hectares of chrysanthemum garden. Every visitor can take Selfie photos, learn about and cultivate chrysanthemum varieties, and picked up the flowers. For souvenirs, every stalk of Chrysanthemum morifolium is priced Rp 2,500 or about 0.17 cent. The Gemah Ripah farmer group invites productive members of the community and members of family welfare development to work with the farmers.

This paper aims to examine the business strategy of Chrysanthemum's farmer. To seize the big market opportunity, fresh chrysanthemum farmers must define business strategies which can guide their businesses. Production will grow and impact on the farmers if supported by organizational policies which not only manage internal activities but also face dynamic external challenges. The policies can be formulated through strategies which eventually answer the external challenges.

The results of this study are expected to be useful as input to farmers and chrysanthemum farmer groups to be able to compete and respond to existing market demands trough strategies. One of the strategies is pick-up approach which means taking chrysanthemums directly from the farmers without waiting for the farmers to sell and deliver to the agents, and also build extensive networks with outside customers, such as offices, households etc., provide excellent services to the new and existing customers, and provide satisfying facilities to increase customer trust and satisfaction so that customers will not walk away.

The rest of this paper is arranged as follows. A survey of related literature is provided in Section 2. Section 3 defines the sample, research variables, and the SWOT techniques model. The results are subsequently presented in Section 4. Finally, section 5 concludes this paper.

2. Related literature

2.1 Strategic Management

David (2013) suggests that strategic management is an art and science to formulate, implement and evaluate cross-functional decisions which enable an organization to reach its goals. An organization's success today does not guarantee tomorrow's success. Therefore, an organization must be able to use the present to build success in the future (Maulana, 2015).

2.2. SWOT Analysis

There are several research reports on a SWOT analysis of chrysanthemums. One of them is a Gamal (2013) that highlights the Socio-Economic Aspects and Potential of Chrysanthemum Flower Agribusiness in Pasuruan Regency of East Java. From the economic and social aspects, the development of flower agribusiness is very beneficial for the community and the regional economy, because it provides large job and business opportunities. To improve the capabilities and skills of chrysanthemum farmers, training in agribusiness related to chrysanthemum is needed, starting from upstream to downstream (starting from flower care and maintenance, production, and marketing of products) through existing institutions.

The SWOT analysis has also been applied in the horticulture sector, such as tubers. Besides showing weakness and strength, the SWOT analysis can map out the problems related to the opportunities in the sector (Tsitsipati, 2014) and is regarded as one of the most useful tools, as used in Raviv's (2013) research. From the context of the planting media, the paper investigates the strengths, weaknesses, opportunities, and threats involved with the use of various composts in GM.

Unlike traditional markets where marketing practices are used, niche markets are characterized by limited information, confusion over quality standards, and the absence of established institutions. Therefore, such markets are difficult to decode. The truffles market presents most of these characteristics; for this reason, SWOT analysis is suggested to be the most appropriate research method in this study. The increasing demand for truffles in Greece, together with their importance for the rural economy, has prompted the present research, which seeks to explore the suitability of the Greek market for truffles. The SWOT analysis method was applied to thoroughly investigate the truffles market in Greece, offering valuable information and strategic guidelines for managers and researchers

2.2 Overview of Chrysanthemum

Chrysanthemums are hybrids from the Netherlands, Japan and United States. Some chrysanthemums which can grow in Indonesia are 1). Local chrysanthemums (old chrysanthemums). Although called local flowers, these chrysanthemums actually originate from abroad and have adapted with Indonesia's tropical environment. The characteristics of local chrysanthemum are its life properties on neutral days and its life cycle last to 7-12 months in one planting e.g., Crhysantemum maximum. 2). Introduced chrysanthemums (Modern chrysanthemums/hybrid chrysanthemums). Hybrid chrysanthemums are characterized by short day and relatively short life cycle. They are annual plants, e.g., Chrysanthemum indicum hybr. 3). Indonesian chrysanthemums. The Center of Decorative Plant Research in Cipanas has released Indonesian chrysanthemum variants, i.e., Balitji 27.108, 27.177, 28.7 and 30.13A. (Flora dan fauna).

Chrysanthemums have become one of the most admirable cut plants. It was originally used for limited moments and on a small scale, but in recent years chrysanthemum has become a commodity of ornamental plants for many purposes, such as hotels, weddings, offices, and mourning events (Rudianta, 2018). According to the data of the Directorate General of Horticulture of the Ministry of Agriculture, during 2007-2011 floriculture products experienced an export growth of 46%, which was the highest growth compared to the export growth of other horticultural products (fruits, vegetables, and medical herbs). Furthermore, in 2011 the export value of floricultural products reached USD 13,160,381, an increase of 45.5% from the preceding year. The top products were orchid, chrysanthemum, and rose. Several export destinations were China, Japan, Singapore, Vietnam, and Australia (Agricultural ministry).

3. Methodology

3.1 Data and sample selection

The sample for this study involves 45 farmers who affiliate the farmer group of Gemah Ripah. The research was conducted from March to September 2018. This research location in Clapar Hamlet, Duren Village, Bandungan, Semarang Regency.

3.2 Data Analysis

This study is a descriptive exploratory study which aims to describe the state or status of a phenomenon. Usually, this method investigates macro and microenvironment factors influencing such markets (Beckeman and Skjo¨ldebrand, 2007). This study only investigates matters related to the specific circumstances in an object.

Some of the processing methods are:

IFAS (Internal Strategic Factor Analysis Summary). The technique is used to identify and evaluate the key internal factors of a company.

EFAS (External strategic Factor Analysis Summary). The analysis is used to organized external strategic factors into generally-accepted categories on opportunity and threat.

SWOT (Strength, Weakness, Opportunity, and Threat) Analysis. In SWOT analysis, identification of the position of fresh chrysanthemum farmers is performed through evaluation of the scores of internal factors (Strengths & Weaknesses) and evaluation of the scores of external factors (Opportunities & Threats) to choose alternative strategy for organization by determining the quadrant of the current condition to ensure that the selected strategy is the most appropriate. The position of fresh chrysanthemum farmers could be separated into four quadrants, i.e., quadrant I most appropriate uses aggressive strategy, quadrant II diversification strategy, quadrant III turnaround strategy, and quadrant IV defensive strategy.

IE (Internal External) Matrix Analysis. IE matrix is used to formulate a business strategy at a company level with greater details. The parameters include the internal strength of the company and the external effect which is faced.

4. Results and Discussion

4.1 The Organization Structure

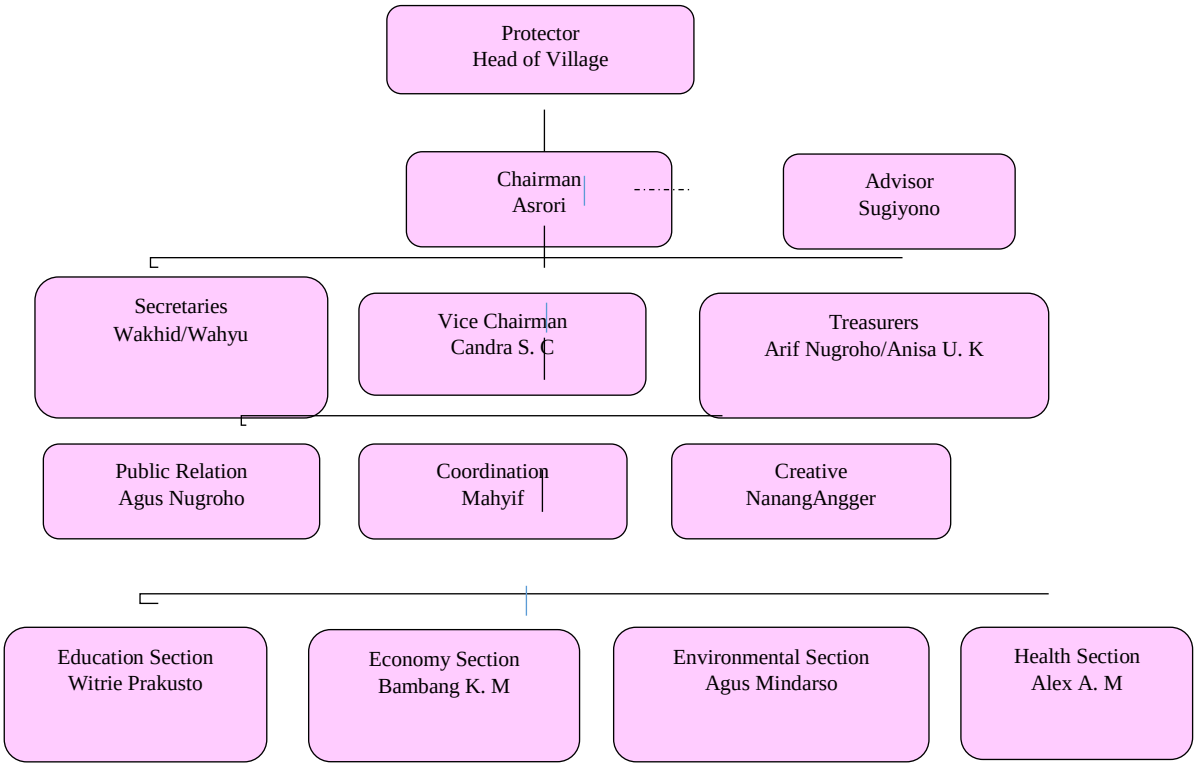


Figure 1. Organizational Structure of Gemah Ripah Farmer Group

4.3 Internal Environment analysis (Internal Strategic Factor Analysis Summary (IFAS)

The technique is used to identify and evaluate the key internal factors of a company. The analysis result shows the following data.

Table 1 IFAS Result of Gemah Ripah Semarang

	STRENGTH	TOTAL	WEIGHT (%)	RATING	WEIGHT X RANKING
1	natural carrying capacity	175	0.062	3.39	0.209
2	regular customer	158	0.056	3.47	0.193
3	marketing network	162	0.057	3.58	0.204
4	main source of income	183	0.064	3.58	0.230
5	procurement of manure & chemical fertilizer	167	0.059	3.47	0.204
6	chrysanthemum cultivation consistent with standard procedure	160	0.056	3.24	0.182
7	administrators & members have knowledge about agriculture business and chrysanthemum	162	0.057	3.63	0.207
8	wide-ranging varieties of chrysanthemums	152	0.053	2.97	0.159
9	distribution equipment (transportation belonging to farmer group)	160	0.056	2.82	0.158
			0.520		1.746
	WEAKNESS	TOTAL	WEIGHT (%)	RATING	WEIGHT X RANKING

1	limited business capital	157	0.055	2.97	0.164
2	limited production	133	0.047	2.89	0.135
3	seed purchase from other regions	87	0.031	2.47	0.076
4	usage of traditional methods in production	123	0.043	2.82	0.122
5	knowledge from experience	151	0.053	3.26	0.173
6	regular business continuity	154	0.054	3.35	0.181
7	dependence to chemicals for fresh chrysanthemum cultivation	133	0.047	2.95	0.138
8	non-durable products	127	0.045	2.24	0.100
9	limited supporting equipment for fresh chrysanthemum cultivation	140	0.049	2.47	0.122
10	access to information network of sales to other regions	160	0.056	3.13	0.176
		2,844	0.480		1.387
	TOTAL		1		3.134

The results of the IFAS matrix show that the total strength factor weight is 0.52, which is greater than the total weakness factor weight of 0.43, while the total strength factor score of 1.74 is greater than the total weakness score of 1.38. The total number of IFAS matrices is 3,134. This shows that the internal capacity of the Gemah Ripah farmer group is quite good.

4.3 External Environment Analysis (External strategic Factor Analysis Summary (EFAS))

The analysis is used to organize external strategic factors into generally accepted categories on opportunity and threat.

Table 2. EFAS Result of Gemah Ripah Semarang

	OPPORTUNITY	TOTAL	WEIGHT (%)	RATING	WEIGHT X RANKING
1	Support from the local government	164	0.057	3.13	0.179
2	Support from the provincial government	164	0.057	3.08	0.176
3	supporting institution (banking)	144	0.050	2.58	0.130
4	Economic environment	159	0.055	2.97	0.165
5	Sociocultural and demographic environments	152	0.053	2.79	0.148
6	The increasingly rapid development of science and technology and information technology	159	0.055	2.79	0.155
7	Support from the local community	168	0.059	3.24	0.190
8	Education level of the farmers	153	0.053	2.92	0.156
9	Quite stable annual demand for fresh flowers	163	0.057	2.97	0.169
10	Big market opportunities in local market and other provinces	162	0.057	3.03	0.171
11	Rather significant growth of agro-tourism regions and hotels	152	0.053	2.76	0.146
			0.607		1.784
	THREAT	TOTAL	WEIGHT (%)	RATING	WEIGHT X RANKING
1	Expensive seed procurement	123	0.043	2.34	0.100
2	Adaptation to new technology	148	0.052	2.58	0.133
3	Expensive price of production requirements	148	0.052	2.76	0.143

4	Weakening purchasing power of the society	138	0.048	2.55	0.123
5	Expensive chemical fertilizer	138	0.048	2.82	0.136
6	Stronger competitor from other region	132	0.046	2.63	0.121
7	Extreme weather	147	0.051	3.00	0.154
8	Pest attack	153	0.053	2.92	0.156
			0.393		1.066
	TOTAL	2,867	1		2.850

The results from the EFAS matrix show that the total probability factor weight of 0.60 is greater than the total threat factor weighting 0.39, while the total probability factor score of 1.78 is greater than the total threat score 1.06. The total of EFAS matrices is 2.85. This shows that the external ability of the Gemah Ripah farmer group is quite good where the farmer group can maintain this condition.

4.3 SWOT (Strength, Weakness, Opportunity, and Threat) Analysis

In SWOT analysis, the identification of the position of fresh chrysanthemum farmers was performed through evaluation of the scores of internal factors (Strengths & Weaknesses) and evaluation of the scores of external factors (Opportunities & Threats) to choose alternative strategy for organization by determining the quadrant of the current condition to ensure that the selected strategy is the most appropriate strategy. The position of fresh chrysanthemum farmers could be separated into four quadrants, i.e.: quadrant I most appropriate uses aggressive strategy, quadrant II diversification strategy, quadrant III turnaround strategy, and quadrant IV defensive strategy.

Table 3. SWOT Analysis of Semarang

IFAS	STRENGTH	WEAKNESS
	Natural carrying capacity Regular customer Marketing network Main source of income Procurement of manure & chemical fertilizer Chrysanthemum cultivation consistent with standard procedure Administrators & members have knowledge about agriculture business and chrysanthemum Wide-ranging varieties of chrysanthemums Distribution equipment (transportation belonging to farmer group)	Limited business capital Limited production Seed purchase from other regions Usage of traditional methods in production Knowledge from experience Regular business continuity Dependence to chemicals for fresh chrysanthemum cultivation Non-durable products Limited supporting equipment for fresh chrysanthemum cultivation Access to information network of sales to other regions

EFAS		
OPPORTUNITY Support from the local government Support from the provincial government Supporting institution (banking) Economic environment Sociocultural and demographic environments Increasingly rapid development of science and technology and information technology Support from the local community Education level of the farmers Quite stable annual demand for fresh flowers Big market opportunities in the local market and other provinces Rather significant growth of agro-tourism regions and hotels	S-O STRATEGY Increasing cooperation with the government in providing training to the farmer group members Maintaining existing chrysanthemum marketing network and expanding the network to other cities/provinces Expanding chrysanthemum seed marketing to other cities/provinces Sending farmer group member to the center of agricultural research and development to learn about new varieties of chrysanthemums	W-O STRATEGY
THREAT Expensive seed procurement Adaptation to new technology Expensive price of production requirements Weak purchasing power of the society Expensive chemical fertilizer Stronger competitor from another region Extreme weather Pest attack	S-T STRATEGY	W-T STRATEGY

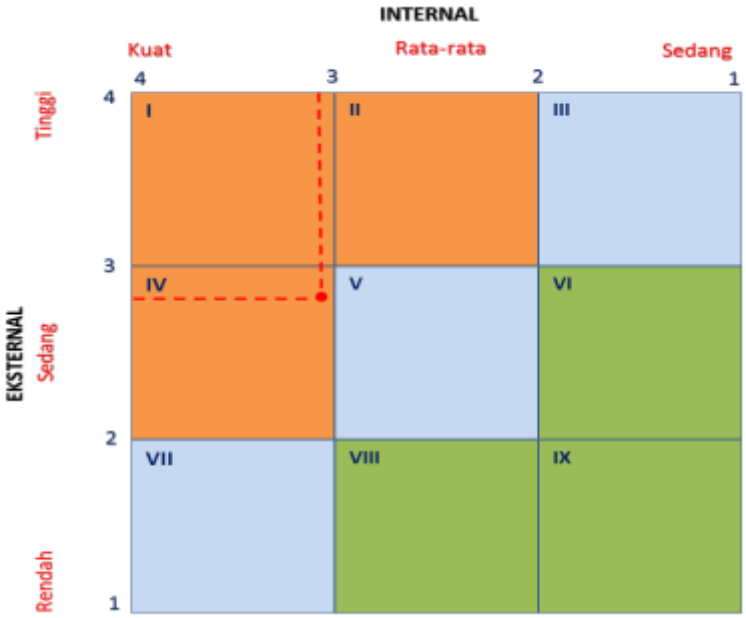
The SWOT matrix in Table 3 is obtained from the IFAS and EFAS matrices. Based on the EFAS matrix, the opportunities have a higher total score than threats and from the IFAS matrix, the total strength scores have a higher value than weaknesses. The results for the SWOT matrix for Gemah Ripah lie in the SO strategy. Thus, it is clear that the Gemah Ripah Semarang farmer group must adopt and use an aggression strategy which includes a condition of strength and opportunity in a good position. The aggressive strategy is also called growth-oriented strategy. The objective of the farmer group strategy is to achieve sales growth, capital, profits or a combination of these. The group must continue to grow (by exploiting opportunities and minimizing costs) in order to survive. Sustainable growth means increased sales and the opportunity to use the experience curve to reduce the cost of goods sold per unit, thereby increasing prices.

4.3 IE Matrix Analysis

The parameters used in the Internal and External matrix were the internal and external parameter of the organization. Internal External Matrix is based on the total score of IFAS weight on x-axis and total score of

EFAS weight on y-axis. In the matrix, x-axis was 3.13 and y axis was 2.85. The Internal External matrix analysis is below:

Table 4. IE Matrix



Based on the analysis result of the Internal External matrix above, it can be concluded that the organization was in cells I and IV. It was evident that the organization had strong internal position and moderate external position. Cell IV was in the same group as cell I. The organization could be described as being in a hold and maintain position. The possible strategies include intensive strategy (market penetration and product development). From the analysis and based on the current condition of the Gemah Ripah farmer group, the appropriate strategies were market penetration and product development.

From the results of cultivating chrysanthemums, farmers feel the benefits of increased income in a few years. It is in line with research from Swapna (2018) that the production of ornamental plants were able to improve the life of poor people who previously did not have a steady income. Currently cut flower production has become huge industry that is very attractive to farmers, so they will need up-to-date technology in the planting process. The gemah ripah group itself has succeeded in developing new types of seeds that do not yet exist elsewhere in Indonesia.

6. Conclusion

From the result of SWOT analysis, the business development strategies for fresh chrysanthemum farmers to be competitive were obtained. The strategies include increasing cooperation, maintaining networks, and expanding the market. Some suggestions from the research results include 1). Increasing cooperation with the government in providing training for the farmer groups, 2). Expanding agro-tourism by adding new spots, 3). Expanding the market of chrysanthemum seed to other regions, and 4). Developing a bigger marketing network.

References

David, F. R., & David, F. R. (2013). Strategic management: Concepts and cases: A competitive advantage approach. Pearson. https://criv.pw/942.pdf

Budiarto, K., Sulyo, Y., SN, E. D., & Maaswinkel, R. H. M. (2016). Effects of irrigation frequency and leaf detachment on chrysanthemum grown in two types of plastic house. Indonesian Journal of Agricultural Science, 8(1), 39-42. http://dx.doi.org/10.21082/ijas.v8n1.2007.p39-42

Gauchan, D. P., Pokhrel, A. R., Pratap, M., & Lama, P. (2009). Current status of cut flower business in Nepal. Kathmandu University Journal of Science, Engineering and Technology, 5(1), 87-98.https://doi.org/10.3126/kuset.v5i1.2849

Gibbs, M. (2005). The right to development and indigenous peoples: Lessons from New Zealand. World Development, 33(8), 1365-1378. https://doi.org/10.1016/j.worlddev.2005.03.005

Swapna, B. (2018). Cultivation and Marketing of Tuberose (Lily) Flowers by the Rural Poor: An Approach of Swot Analysis. International Journal of Agriculture, Environment and Biotechnology, 11(1), 137-140.DOI: 10.30954/0974-1712.2018.00178.18

Tsitsipati, V., & Athanasios, C. (2014). SWOT analysis of the truffles market in Greece. British Food Journal, 116(12), 1976-1997. https://doi.org/10.1108/BFJ-12-2012-0293

Raviv, M. (2011, October). Swot analysis of the use of composts as growing media components. In International Symposium on Growing Media, Composting and Substrate Analysis 1013 (pp. 191-202).DOI: https://doi.org/10.17660/ActaHortic.2013.1013.22

https://www.kemendag.go.id/files/pdf/2012/08/08/tomohon-produk-florikultura-indonesia-turut-membangun-perekonomian-bangsa-en1-1353753965.pdf

https://www.mordorintelligence.com/industry-reports/malaysia-floriculture-marke