

Social Capital-Based Integrated Strategy for Developing Export-Oriented People's Coffee

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Abstract. This study aims to discuss the integrated strategy for the development of export-oriented people's coffee-based on social capital factors, which focused on the case of people's coffee production in Kepahiang district (the district that produces the largest coffee in Bengkulu province). The data used are sourced from primary data and secondary data. Data were collected through interviews, FGD, and observation methods. Data obtained were analyzed by descriptive analysis method and SWOT analysis method. The results showed that the form of an integrated strategy that could be built was a Turn-around Strategy, a strategy to change the weaknesses of people's coffee farmers, which was substantially derived from social capital factors (implicitly contained in human resource factors), namely weaknesses in aspects of cooperation, management modernization, quality of education (formal and informal), and area of plantation land; the strengths or potentials capable of capturing opportunities (as external factors), such as commitments from district government and a conducive coffee export climate. All of these are arranged through an appropriate planning framework and various integrated programs to accelerate the development of people's coffee production from a local orientation to export orientation.

Keywords: *integrated strategy, social capital; development; export-oriented; people's coffee*

INTRODUCTION

The empirical conditions indicate that the development of people's coffee plantations in Kepahiang district (as one of the largest coffee producers in Bengkulu province), especially in terms of the area of plantation land and the production of coffee owned by the community, from time to time (2014-2018) tend to decline (a trend which decreases) although not significantly (a detailed explanation can be seen in Figure 1). The linear relationship between land area and coffee production is causal in a series of coffee production functions with one variable input [1].

Natural resource management is intended to improve social welfare. Specifically, community based plantation-based natural resources (such as smallholders or people's coffee plantations) arise

when there is a shared utilization agreement among its members. This agreement can occur because there are regular and continuous interactions between community members in utilizing the natural resources of the plantation. One of the most important in this context is the action of cooperation (implicit in the togetherness aspect) will arise if a number of social capitals is available in a community. Especially for coffee plantations, their management is based on the principles of conservation (environmentally friendly), benefits, sustainable, cohesiveness, togetherness, agreement, openness, and fairness [2], [3].

In the management of community coffee plantations, one crucial social aspect in influencing the success of business management in coffee production is *the aspect of social capital*. Social capital can be defined as norms and social relationships integrated into society's structure and make people able to work together to achieve goals. Norms and sanctions are the primary basis of institutions, which make up social capital. In terms of social capital, agreement and implementation of a norm are an expression of continuous interaction in an association and networking, both formal and informal. Social capital emerges through associations and networks based on agreed norms, actually forms an institution. Both of them facilitate a group of people (community) to take collective action. There are three types of social capital: 1) *Bonding social capital*, ties with people who have the same demographic character in social, economic, and ethnic aspects (family members, neighbors, close friends, etc.); 2) *Bridging social capital*, a bond with people who do not have the same character (acquaintances, friends of other ethnicities, and friends of friends); and 3) *Social capital linking*, a bond with people who have higher social status or authority (politicians, regional heads, etc.). Another definition shows that social capital is the norms and networks that make people collaborate [2], [4]-[7].

In the context of Indonesia's coffee export competitiveness in the global market, previous research results show that coffee exports from Indonesia have a significant comparative advantage, which is theoretically proven by the value of RCA (Revealed Comparative Advantage) and AR (Acceleration Ratio) > 1 and competitive advantage is quite high, as evidenced by the value of ECI (Export Competitiveness Advantage) > 1. However, other studies show different results. Based on the measurement results of the RCA (Revealed Comparative Advantage) and CMS (Constant Market

Share) index, Indonesia's coffee export competitiveness and market share in the global market are the lowest when compared to other major coffee exporting countries [3],[8]- [11].

On the other hand, the low export of people's coffee is a serious problem, and efforts to deliver coffee production to the export level are not easy. It requires the ability to control marketing channels and intensive involvement of institutions related to coffee marketing (coffee exports). The marketing of people's coffee production is still local or regional. Marketing channels of people's coffee production (especially robusta coffee) are not certified yet, even though certified marketing channels proved to be more efficient than those not certified. In the matter of coffee preference, the study results show that the most preferred by the community of smallholder coffee plantations is the direct marketing model (from direct farmers to collectors/middlemen, then to large traders and retail traders). This condition indicates that the market structure for coffee commodities is an *oligopolistic market* because the price of coffee is determined by large traders/wholesalers [12]- [16].

A strategy to improve the competitiveness of coffee, especially robusta types, is to improve the quality of forms (patterns), market performance, minimize internal weaknesses, expand plantation land, implement planting superior seeds, replanting, and red coffee fruit picking methods [11],[14],[17]- [20].

By examining coffee problems (coffee export development) in Kepahiang district and hopes of realizing export-oriented people's coffee in a future perspective and by reviewing various previous studies, the purpose of this study is focused on establishing/formulating an integrated strategy in the framework of developing people's coffee export-oriented based on aspects of social capital.

METHOD

All variables used in this study are unobservable variables that describe the quality of the variables studied, consisting of internal and external factors. There are four factors (unobservable variables) used as "proxies", namely 1) *Strengths Factors*, with indicators consisting of people's coffee production, the level of capital of farmers, the potential of people's coffee in the future, and the optimistic level of the community towards the prospects of people's coffee; 2) *Weaknesses Factors*, with indicators consisting of a) the formal education level of the community of coffee farmers, b) the level of management capacity, c) the strength of the cooperative ties between the people's coffee farmers with external parties and cooperation among members of the community coffee farmers group, d) the development of the area of community-owned coffee plantations, and e) the intensity of coaching/counseling by the government; 3) *Opportunities Factors*, with indicators consisting of a) the role (involvement) of the government in helping coffee farming communities, b) demand for

coffee importers, c) tastes of coffee consumers (local, regional, national, and international), and d) the presence of coffee exporters associations in opening up opportunities in accessing coffee marketing/exports; and 4) *Threats Factors*, with indicators consisting of a) the development of community coffee producers from outside the Kepahiang district area, and b) the increasing number of instant coffee producers such as coffee mix, white coffee, and others. All indicators used are measured on a *Likert scale* (interval scale) as a quantification process of qualitative data.

Two forms of data used in this study are primary data (main data) and secondary data (supporting data). Primary data was collected through interviews, questionnaires, observations, and focus group discussions (FGD). Secondary data was collected through the documentation method. The target population consists of community coffee farmers who have the status of coffee plantation owners in Kepahiang district. Sampling was conducted using a purposive sampling method, 30 people came from community coffee farmers, and 7 people came from key information providers (figures of coffee farmers, leaders from related institutions, and stakeholders).

Data analysis was performed using the SWOT analysis method, which was used to analyze all variables or factors along with indicators related to strength factors, weakness factors, opportunity factors, and threat factors. From the results of the SWOT analysis, 4 (four) alternative integrated strategies can be built, namely:

- 1) S-O Strategy (Aggressive Strategy),
- 2) S-T Strategy (Diversification Strategy),
- 3) W-O Strategy (Turnaround Strategy), and
- 4) W-T Strategy (Defensive Strategy).

RESULT & DISCUSSION

The results of the analysis of the strengths, weaknesses, opportunities, and threats factors; produce two weighted values (weight X rating) "*the largest*," which are found in the weaknesses and the opportunities factors. Weaknesses factors have a weighted value of 4.69, while the Opportunities factors have a weighted value of 3.48.

Weaknesses Factors are all aspects that are considered not yet able to become potential and as a negative (weakness) of the quality of natural resources based on community coffee plantations. The results of the study identified 5 (five) indicators of weaknesses factors/variables, namely a) low level of formal education of the community

(smallholder/people's coffee farmers), b) low management capability of community coffee plantations, c) weak cooperative ties between communities/groups of farmers people's coffee with external parties and the cooperation between members in the community coffee farmers group, d) the decreasing number of the area of community coffee plantations owned by the community, and e)

less intensive coaching/counseling by the government (related agencies).

Opportunities factors are all aspects considered as opportunities offered and, at the same time, a positive reflection of external conditions/situations/outside natural resources based on community coffee plantations. The results of the study identified 4 (four) indicators, namely a) the role (involvement) of the Kepahiang district government (Department of Agriculture and other relevant agencies) in helping the community of coffee farmers (through various supporting coffee policies), b) demand for coffee importers from other countries (international-scale coffee marketing/export opportunities) that are getting stronger, c) stronger consumer coffee tastes; and d) the existence of a coffee exporters association in helping to increase strategic access to marketing/export of people's coffee.

Based on the weighted values of internal and external factors, "Integrated Strategies" can be formulated to increase economic development's acceleration based on the natural resources of the people's coffee plantations in Kepahiang district. The integrated strategy in question is the "W-O Strategy/Turn-around Strategy," which is a formulation of strategies that seek to change/reverse the weaknesses owned and through a process of revitalization (empowerment) trying to be changed/improved into new strengths/potentials, so that the strength/potential that has been existed can take advantage of the various opportunities available. Graphically, the "Turn-around Strategy" can be set out in Figure 2.

Figure 2 shows the Turn-around Strategy's position in the 3rd quadrant of the coordinate axis (point: -4.69; 3.48). This position indicates the empirical conditions required to build a strategy through efforts to change the weaknesses to capture the various opportunities available.

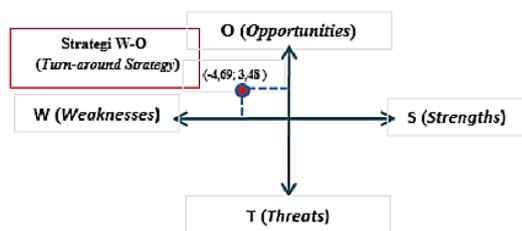


Figure 2: Turn-around Strategy Position in Coordinate Axis

From the result of the analysis, 4 (four) items from "integrated strategy/turn-around strategy" can be determined as follows:

a) The strategy focuses on developing alternative formal education models such as the equalization

model of formal education at the senior secondary level (SLTA)/*Kejar Paket C*, which is related to improving the quality of human resources (improving the quality of knowledge). This strategy emerged based on the results of field research, which showed that the level of community education from the managers of community coffee plantations was still low on average. The impact of this low level of formal education on average is the inability to communicate with external parties, such as export-oriented coffee distribution institutions, AEKI, and others. Another impact that occurred next was the lower ability of coffee production management.

- b) The strategy focuses on increasing the role of government in an integrated manner (with the agriculture department and other relevant agencies) concerning access to marketing/export of coffee to penetrate the foreign market through various cooperation policies and prospective programs and perspectives. This strategy's determination is based on the results of research that shows that there has not been strong integration between related institutions in the marketing chain of the production of smallholder coffee plantations to the export level. Cooperative institutions' involvement is still shallow so that the level of marketing is only at the local or regional level (marketing between districts/cities).
- c) The strategy focused on maintaining a balance between land needs, and the development of coffee exports is increasing from time to time. This strategy is implemented through careful mapping of the area of smallholder coffee plantations and preparing collaborative programs with managers of private coffee plantations in the form of collaborative management of plantation land. This strategy is based on observations that show the phenomenon of the development of the coffee plantations owned by the community, which has been narrowing over time (as shown in Figure 2). On the other hand, there are more opportunities for coffee exports (more extensive opportunities for exports to various countries).
- d) The strategy focuses on intensifying courses and skills training programs to improve managerial skills (as a form of implementation of alternative informal education) by involving various cross-agencies in an integrated manner in the short-term, mid-term, and long-term. This strategy is determined based on the results of research (observations) that show the lack of intensive implementation of courses or training provided by the government for the community, especially the coffee farmers community.

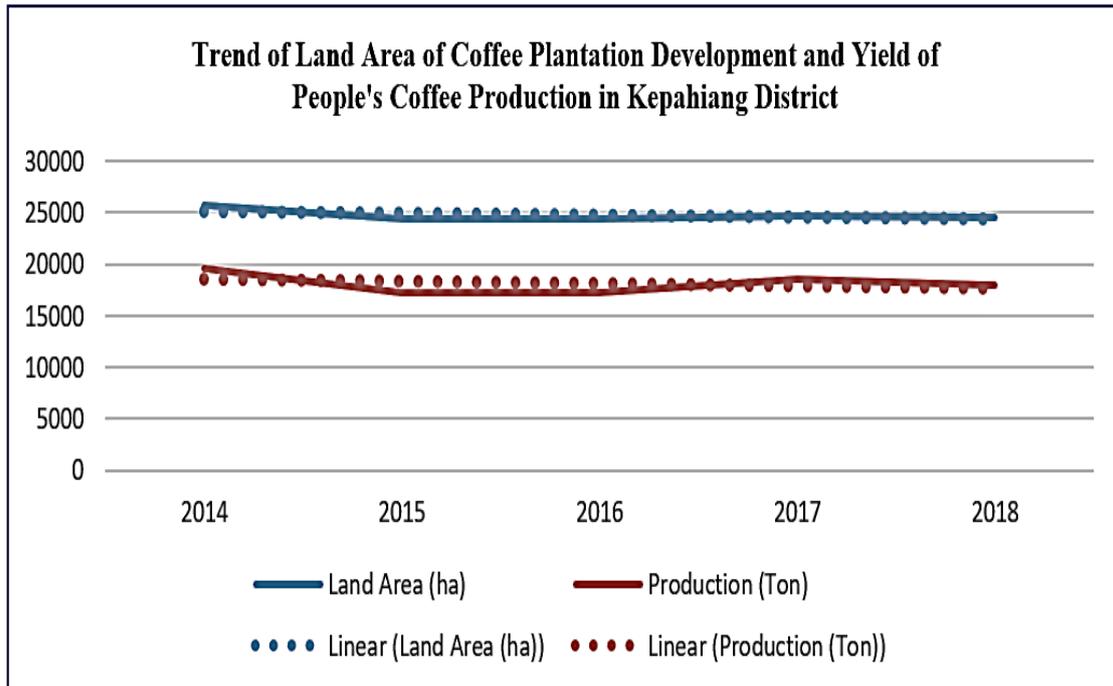


Figure 1, Trend of Land Area of Coffee Plantation Development and Yield of People's Coffee Production in Kepahiang District (2014-2018)

CONCLUSION

Based on the analysis and discussion of the "Turn-around Strategy," it can be concluded that the integrated strategy to increase the acceleration of the development of export-oriented people's coffee production is 1) the development of alternative formal education models, such as the formal education equalization model at the level of senior high school / Kejar Paket C and the training model/courses to improve the quality of human resources; 2) increasing the role of the government in an integrated manner (involving the agriculture department and other relevant agencies) related to marketing access/export access; 3) maintaining a balance between land needs and the development of coffee exports which have increased from time to time, and 4) intensifying courses and skills training programs to improve managerial skills.

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