

Analysis of Coconut Oil Agro-Industry Development Strategy in Kancinaa Village, Pasarwajo District, Buton Regency

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Abstract

This research aims to (1) determine the internal and external factors in developing the coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency, (2) determine the strategies that can be implemented in developing the coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency. This research was carried out in Kancinaa Village, Pasarwajo District, Buton Regency from January to June 2024. Information was collected through interviews with 12 respondents. The data analysis used in this research is descriptive qualitative. The results of the research show that: that internal factors have a positive influence on people who process coconuts into coconut oil. And external factors show that in general external factors have a quite good influence on the business of developing the coconut oil agro-industry.

Keywords: Coconut; Coconut Oil; Development.

INTRODUCTION

Indonesia, as an agrarian country, has great potential in the agricultural and plantation sectors, one of which is coconut, known as the *Tree of Life* because all parts of the plant are beneficial to humans (Tenda, 2004). With an area of 3.86 million hectares, Indonesia has the largest coconut plantation in the world, covering 31.2% of the world's total area, which is around 12 million hectares (Suratinojo et al., 2014). Coconut is one of the mainstay commodities that contributes significantly to national income and foreign exchange through export value and products such as coconut oil (Subagyo, 2021). Although coconut oil consumption had declined due to the dominance of cheaper and more abundant palm oil (Regowo, 2008), the scarcity and increase in palm oil prices in 2021-2022 encouraged people to return to traditional coconut oil

production. Coconut oil, produced from fresh meat or copra with an oil content of about 43%-65%, is used as cooking oil and standard industrial ingredient, making it a high-value downstream product (Syafri, 2013).

Buton Regency is located in Southeast Sulawesi in the north bordering North Buton Regency, when viewed geographically located south of the equator. Buton Regency has a land area of $\pm 1,648.04 \text{ km}^2$, which in 2014 experienced expansion into 3 districts namely Buton Regency, Central Buton Regency and South Buton Regency. The topography of Buton Regency generally has a mountainous, undulating and hilly surface. Between the mountains and hills, the land stretches which are potential areas for the development of the agricultural sector (BPS, 2024). Buton Regency is one of the coconut producers in Southeast Sulawesi. Data on production and land area of coconut plantations in Southeast Sulawesi can be seen in Table 1.

Table 1 Production and land area of coconut plantations in Southeast Sulawesi in 2023

No.	District/City	Production (tons)	Land Area (ha)
1	Buton	1.422,45	2.941,91
2	Muna	4.541,78	4.706,84
3	Konawe	2.469,40	2.354,78
4	Kolaka	3.515,56	4.045,27
5	South Konawe	6.598,44	7.095,97
6	Bombana	10.668,76	14.852,20
7	Wakatobi	1.251,60	1.672,99
8	East Konawe	3.412,89	3.119,33
9	North Buton	4.370,85	5.263,05
10	North Konawe	1.019,19	1.979,22
11	east kolaka	1.050,81	2.775,83
12	Konawe Islands	268,78	4.583,80
13	West Muna	573,74	2.399
14	Central Buton	515,85	1.546,38
15	South Buton	282,62	764,50
16	Kendari City	291,30	363,04
17	Bau-Bau City	66,49	184,15

Source: Southeast Sulawesi Central Bureau of Statistics 2024

In Southeast Sulawesi, the farming population refers to the plantation commodity as



coconut. Traditionally, the people of Southeast Sulawesi live from the plantation sector where the majority of the population are farmers. Therefore, part of the farmers' welfare is due to the farming industry. In Southeast Sulawesi Province, coconut production reached the second position with a production volume of 43.8 tons in 2022 and decreased to 42.9 tons in 2023 from the total production of Southeast Sulawesi plantations (BPS Southeast Sulawesi. 2024). Coconut plantations in Southeast Sulawesi currently have an area of 62.6 ha in 2022 and decreased to 61.7 ha in 202. Traditional goods such as copra, coconut oil, fresh food and others can be economically produced in the coconut farming industry. (BPS Southeast Sulawesi 2024). The second largest plantation commodity in Buton Regency is coconut after cashew. The area of coconut plantation is about 2,970.50 ha with a production volume of 1,428.65 tons in 2022 and decreased to 2,941.91 ha with a production volume of 1,422.45 in 2023. (BPS Southeast Sulawesi 2024).

The coconut oil industry in Kancinaa village is a processing industry that processes coconut raw materials into coconut oil, which is carried out individually by the Kancinaa village community. Coconut oil is a local wealth that comes from the wisdom of the local community, who realize that coconut oil has unique benefits. Potential coconut oil in Kancinaa village is traditionally produced and traditionally sold. The requirement to enter a competitive market requires the possibility to develop a competitive coconut oil product. The main potential of this coconut oil product lies in its distinctive flavor and aroma.

Kancinaa Village is one of the villages in Southeast Sulawesi where most of the people cultivate coconuts so that they can be sold and mainly processed into coconut oil. With the good potential of coconut, the local community has not optimally managed it into coconut oil. To process coconut into coconut oil, every individual who wants to produce coconut oil must buy or collect their own coconut oil from their garden. Coconut products sold are generally still in the form of primary products, this results in low product selling prices. With this potential, alternative coconut oil development strategies are needed in Kancinaa Village, Pasarwajo District, Buton Regency. With the discovery of strategies that can be applied in the development of coconut oil agro-industry can be developed well in the future.

METHOD

The population in this study is the general public of Kancinaa Village who manage coconuts into coconut oil with a total population of 12 people in the research location taken using saturated samples (census). Data collection techniques were carried out by observation, interview, and documentation. Data analysis in this study was carried out by SWOT analysis, IFAS (*Internal Factory Analysis Summaary*), EFAS (*External Factory Analysis Summary*).



RESULTS AND DISCUSSION

Coconut Oil Agro-Industry Development Strategy

SWOT analysis is used to identify the strengths, weaknesses, opportunities, and threats of a business, both internally and externally. This analysis helps formulate a development strategy for the coconut oil agro-industry in Kancinaa Village, Pasarwajo Sub-district, Buton Regency, by considering internal factors (strengths and weaknesses) and external factors (opportunities and threats) in the face of environmental changes.

Identification of Internal and External Factors

SWOT analysis is used to measure the strengths, weaknesses, opportunities, and threats of an industry, helping to determine effective development strategies. In the development of the coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency, this analysis uses an evaluation of internal factors (IFAS) and external factors (EFAS) to face competition and formulate appropriate strategies.

1. Internal Factor Matrix

The IFAS (Internal Factor Analysis Summary) matrix is a matrix that lists the internal factors that affect company performance, including strengths and weaknesses.

Table 2 IFAS Matrix (Internal Factor Analysis Summary)

No.	Internal Strategy Factors	Weight	Rating	Score
Strength				
1	Capital	0.12	3.08	0.37
2	Available production	0.13	3.50	0.46
3	Good enough product quality	0.15	3.67	0.55
4	Experienced farmers	0.12	4	0.48
Subtotal				1.86
No.	Weakness			
1	Production tools used	0.11	-2	-0.22
2	Less favorable road access	0.09	-2.92	-0.26
3	Marketing is done individually	0.08	-1.92	-0.15
4	Lack of market information	0.19	-2.17	-0.41
Subtotal				1.05
Total 2.91				

Based on the IFAS matrix analysis, the internal factors in the development of coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency, show that the main strengths are good product quality (weight 0.15, score 0.55), experienced farmers (rating 4, score 0.48), and available production (weight 0.13, score 0.46), while the main weaknesses are lack of market information (weight 0.19, rating -2.17), unfavorable road access (rating -2.92), and limited production tools (weight 0.11). The calculation results show a total internal factor score of 2.91, with a higher strength score (1.86) than weakness (1.05), indicating that internal factors have a positive influence on the management of coconut into coconut oil in the region.

2. External Factor Matrix

The EFAS (*External Factor Analysis Summary*) matrix is a matrix that describes the composition of a list of external factors that affect the performance of a company. Which includes external factors, namely opportunities (*Opportunity*) and threats (*Threat*).

Table 3 EFAS Matrix (External Factor Analysis Summary)

No.	External Strategy Factors		Weight	Rating	Score
Opportunity					
1	Affordable product price		0.14	3	0.42
2	Production types are well known		0.16	3.5	0.56
3	Place of production/harvest origin		0.15	3.17	0.48
4	Consumer interest		0.17	3.08	0.52
	Subtotal				1.98
No.			TREATH		
1	Erratic weather		0.09	-2.83	-0.25
2	Competitiveness of similar products		0.11	-2.83	-0.31
3	Rising fertilizer prices		0.06	-1	-0.06
4	Lack of promotion		0.13	-2.08	-0.27
	Subtotal				0.90
	Total				2.88

Source: Processed primary data 2024

Based on the EFAS matrix analysis, opportunity factors in the development of coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency, include consumer interest (weight 0.17, score 0.52), familiar types of production (weight 0.16, score 0.56), and place of origin of production/harvest (weight 0.15, score 0.48), with the lowest opportunity in affordable product

prices (weight 0.14, score 0.42). Threat factors include lack of promotion (weight 0.13, score -0.27), competitiveness of similar products (weight 0.11, score -0.31), and erratic weather (weight 0.09, score -0.25), with the lowest threat in the increase in fertilizer prices (weight 0.06). The total score of external factors is 2.88, with a higher score for opportunities (1.98) than threats (0.90), indicating that external factors have a positive influence on the development of this business.

3. SWOT Strategy Quadrant

Based on the calculation of the IFAS and EFAS evaluation scores, it is known that the total strength score is 1.86, the total weakness score is 1.05, the total opportunity score is 1.98 and the total threat score is 0.90. The calculation of the IFAS and EFAS tangent points can be seen in the following table:

Table 4 Calculation of IFAS and EFAS Tangent Points

Quadrant	X	Y	Point Position	Matrix area	Ranking
Quadrant I (SO)	1.86	1.98	1.86 ; 1.98	3.6828	1
Quadrant II (ST)	1.86	-0.90	1.86 ; -0.90	-1.674	3
Quadrant III (WO)	-1.05	1.98	-1.05 ; 1.98	-2.079	4
Quadrant IV (WT)	-1.05	-0.90	-1.05 ; -0.90	0.945	2

Source: Processed primary data 2024

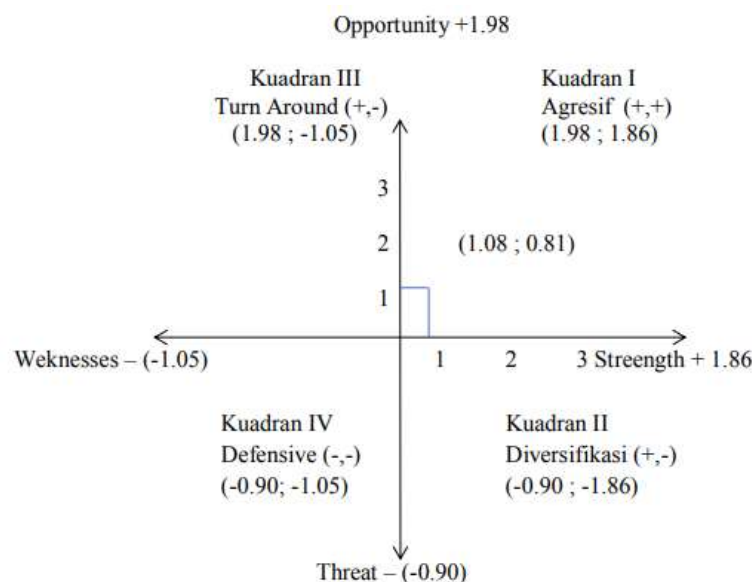


Image 1 SWOT Analysis Diagram of Coconut Oil Agro-Industry

Figure 1 explains that the score value for the strength factor is 1.86 and for weaknesses is -1.05, so the difference in these values is 0.81, while the score value for the opportunity factor is

1.98, the score value for the threat factor is -0.90, so the difference in these values is 1.08. These values can form a coordinate value, namely (0.81; 1.08) based on the following description:

- Quadrant I : This is a favorable situation. The industry has opportunities and strengths so that it can take advantage of existing opportunities. The strategy must be set in this condition is the existence of capital in assisting the development activities of the coconut oil agro-industry by improving the quality of better products so that consumer interest increases and can be an additional income for people who manage coconuts into coconut oil,
- Quadrant II : The strategy applied is to facilitate the production process and maximize the promotion of known products.
- Quadrant III : In quadrant III, it implements changing strategies, namely by minimizing existing weaknesses such as improving poor roads on the way to the coconut plantation.
- Quadrant IV : Quadrant IV implements a *defensive* strategy of conducting market observations to facilitate promotion and establish good relationships with customers in order to increase customer loyalty from similar competitors.

Alternative Strategies for Coconut Oil Agro-Industry Development

The SWOT matrix is a tool used in compiling factors as alternative strategies that can clearly describe how the internal strengths and weaknesses faced so that they can be adjusted to the opportunities and threats they have in the coconut oil agroindustry development strategy in Kancinaa Village, Pasarwajo District, Buton Regency. Alternative coconut oil agro-industry development strategies SWOT matrix, can be seen in table 5

Table 5 SWOT Matrix Analysis

Internal External	Strength 1. Capital 2. Own land status 3. Good enough product quality 4. Experienced farmers	Weaknesses 1. Production tools 2. Road access that is less supportive 3. Marketing is done individually 4. Lack of market information
	Opportunity S-O Strategy	W-O Strategy

1. Affordable product price 2. Production types are well known 3. Place of production/harvest origin 4. Consumer interest	1. With the capital owned, coconut oil products that are already known can be developed to be even more recognized at an affordable price. 2. Good enough product quality will increase consumer interest 3. Farmers/communities with experience in managing coconuts into coconut oil to create a quality product	1. The use of the production equipment used will add a distinctive taste that will increase consumer interest. 2. Conduct marketing in groups to facilitate marketing 3. Gain deep insight into customer needs against market demand
Threat 1. Erratic weather 2. Product competitiveness 3. Rising fertilizer prices 4. Lack of promotion	S-T Strategy 1. Provide a safe place for people who produce coconut oil to facilitate the production process. 2. Increase the types of preparations so as to reduce the competition of similar products 3. Maximize promotion of familiar products	W-T Strategy 1. Conduct market observations to make promotion easier 2. personalized marketing is a strategy for product competitiveness by establishing good relationships with customers so as to increase customer loyalty from similar market competitors.

Source: Primary data processed 2024

The SWOT matrix in Table 5 produces four alternative strategy cells that can be concluded by company leaders in an effort to face increasingly competitive competition.

1. *Strength - Opportunity* strategy, the S-O strategy in the development of coconut oil agro-industry in Kancinaa Village, Pasarwajo District, Buton Regency, utilizes strengths to optimize opportunities, such as capital to expand product range at affordable prices, good product quality to increase consumer interest, and farmers' experience in managing coconuts to create quality products. This strategy is expected to expand the market and increase the competitiveness of coconut oil products.



2. *Weaknesses - Opportunity* strategy, this strategy aims to take advantage of opportunities by minimizing weaknesses, such as improving the distinctive taste of coconut oil through the use of traditional production tools, which attracts consumers, and conducting group marketing to speed up the sales process. In addition, this strategy involves a deep understanding of customer needs and market demand through planned approaches, such as market data analysis, customer surveys, and the use of advanced technology, in order to develop products and services that are more relevant and in line with market expectations.
3. *Strengths - Threats* strategy, this strategy utilizes the company's strengths to overcome threats by providing a safe production site to ensure the smooth and efficient production process, which at the same time increases productivity and the quality of the final product. In addition, product diversification is done to reduce competition with similar products, attract more diverse consumers, and create a competitive advantage. The company also maximizes the promotion of familiar products to strengthen brand awareness, build a positive image, and increase customer loyalty, thus being able to face threats from competitors and maintain its position in the market.
4. *Weaknesses - Threats* strategy, this strategy aims to minimize weaknesses while avoiding threats so that companies can survive in increasingly competitive competition. Conducting market observations helps companies understand consumer trends and needs so that promotional strategies can be designed more effectively and on target. In addition, personalized marketing is a strategic approach to increase product competitiveness by establishing good relationships and paying special attention to customers. This strategy not only increases customer loyalty but also differentiates the company from competitors in similar markets, ensuring the sustainability and competitiveness of the company in the long run.

CONCLUSION

Based on the description of the results and discussion, several conclusions can be drawn, namely the results of the identification of internal and external factors on the development strategy of the coconut oil agroindustry in Kancinaa Village, Pasarwajo District, Buton Regency, namely; shows that internal factors have a positive effect on people who manage coconuts into coconut oil. And external factors show that in general external factors have a fairly good effect on coconut oil agro-industry development efforts.

Alternative strategies for developing coconut oil agro-industry there are four alternative





strategies that can be carried out in developing this business, namely: (1) *Strength* - Opportunity strategy; with the existence of capital and supported by farmers who are experienced in managing coconut oil coconut oil can produce quality coconut oil products that increase consumer interest, S-O strategy through the development of coconut oil agroindustry (2) *Weaknesses* - Opportunity strategy; the use of the correct production equipment can produce good products so that marketing can be carried out according to consumer demand (3) *Strengths* - Threats Strategy; with a safe place during the coconut oil production process, it will facilitate the production process so that it can maximize a product (4) *Weaknesses* - Threats Strategy; Conduct market observations to make it easier to promote. By understanding market trends and needs, companies can design more effective and targeted promotional strategies. This helps companies to stay relevant in the increasingly fierce competition, as well as ensuring that their promotional efforts reach the right audience at the right time.

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