

THE DEVELOPMENT STRATEGY OF NATIVE CHICKEN (AYAM KAMPUNG) INDUSTRY IN JEMBER REGENCY USING SWOT ANALYSIS

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Abstract

The aim of the study to analyze the strengths, weaknesses, opportunities, and threats (SWOT) to develop strategy of native chicken (ayam kampung) industry in Jember Regency. The study was conducted from April to October 2016. The method was descriptive analysis method, using questionnaires, interviews, and observations. Methods of data analysis using the SWOT analysis were used to identify the internal environmental factors (strengths and weaknesses) and external environmental factors (opportunities and threats) areas, internal-external (IE Matrix), and SWOT Matrix. The result was then drawn in the quadrant analysis of SWOT and interpreted in the SWOT matrix show the position and alternative strategies that can be run. The result showed that internal identified total score was 0.441 and external identified total score was 0.0897. The development strategy native chicken (ayam kampung) by aggressive growth strategy in quadrant I. Strategy that can be used is maintaining on going activities however its quantity and quality remains developed. There are five alternative strategies resulted to develop native chicken (ayam kampung) industry in Jember Regency and the priority strategy is to optimize the role of agribusiness subsystem.

Keywords: Poultry, development strategy, SWOT analysis

BACKGROUND

Native chickens (Ayam Kampung) in Jember Regency make an important contribution to livelihoods of rural households. Ayam Kampung do not suffer from infectious diseases such as Newcastle disease (ND) and do not have specific characteristics and vary in performance and plumage from one to another (Dwiyanto and Iskandar, 1996). Many smallholders have changed from producing ayam kampung solely for household purposes to producing meat and eggs for sale in local market. They have adopted improved fed on commercial feeds. Free-range poultry farming allows chickens to roam freely for a period of the day, although they are usually confined in sheds at night caused low population and productivity rate (Hayanti and Purba, 2012). The benefits of free-range poultry farming for laying hens include opportunities for natural behaviours such as pecking, scratching, foraging and exercise outdoors (Anonim, 2011). Ayam kampung have been raised by most of the rural population of Indonesia and they represent an important source of meat and eggs but the chickens are not able to provide consumption on a daily basis due to their low production (Dwiyanto & Iskandar, 1996).

The research has been done based on theoretical frameworks in order to suggest strategies for improvement and development of ayam kampung industry. Using the SWOT technique, potentials and limitations of the region have been identified and practical strategies have been proposed for the development of ayam kampung industry in the region.

Strategy is the overall policies and programs for achieving certain goals in a way that it can explain the topics, the business, and the companies or organizations (Bandara, 2002). Strategic management is an essential aspect of managing modern businesses that involves forming goals and instituting programs that fulfill those goals. Environmental scanning is a component of strategic management where managers study various economic, political and social factors that might affect the industry. Environmental scanning can help small businesses to identify untapped markets and to avoid costly mistakes (Hamel, 2016) and practicing appropriate strategies (Chase et al, 2006).

According to this, the main strategic analysis for ayam kampung industry is SWOT analysis. SWOT analysis is an acronym for *strengths, weaknesses, opportunities, and threats* and is a structured planning method that evaluates those four elements of an organization, project or business venture (Humphrey, 2005). Two types of factors (internal and external) that affect the farms would be considered. Internal factors include Strengths (S) and Weaknesses (W) which consist of practical processes and management decisions which seem to be directly under the control of the farm's manager (Austin, 2006)

METHODS

This qualitative research is to know the description of internal environmental factors (strengths and weaknesses) and external environmental factors (opportunities and threats) areas and formulate the appropriate strategy to be applied on ayam kampung industry in Jember Regency.

Jember Regency is a regency of East Java province, Indonesia. Jember Regency has a total area of 3,092.34 km² (309234 Hectares). It shares its borders with the regencies of Lumajang, Probolinggo, Bondowoso, Situbondo and Banyuwangi (to the west, north, and east). To the south lies the Indian Ocean, where the regency includes the island of Nusa Barong, located to the south of Java. The population was 2.398.252 in 2014. East Java has had a population of 525.100 of ayam kampung (Anonim, 2016).

A total number of 100 subjects were randomly selected to participate in the study which resulted in 5 strengths, 4 weaknesses, 4 opportunities, and 5 threats. To maintain the validity and reliability of the questionnaire, the following techniques were used: observing the logical order of questions, standardizing the scores, determining the item discrimination index, determining item facility, item validity, method of using standard scale, determining the meaning difference index of questions, and measuring the criterion-related reliability. And SPSS software was used to calculate the total frequency, the relative frequency, the prevalence and the rate.

The first steps using SWOT analysis is identification of internal factors (strengths and weaknesses) and external factors (opportunities and threats), prioritization of internal and external factors, drawing the SWOT matrix, entering the selected factors considering their internal and external priority level altogether, and finally formulation of strategies (Shahraki & Saravani, 2013).

RESULTS

Internal environmental conditions in the form of power that is high employee job (human resources), easy access and very strategic location for marketing activities, consumer preferences that ayam kampung is more preferable than commercial chickens, ayam kampung makes high contribution to income and livelihoods of rural households, and Jember Regency has potential area for the development of ayam kampung farms. Furthermore, the contribution to livelihoods of rural households is considered to be the most important internal strength

factor. According to the suggested strategies, these strength could be used to develop the farms. In Jember, using a direct distribution channel and optimal promotion that are conducive to strength factor. From the potential of the area, Jember Regency actually can use the land area to development farming (Table 1).

Table 1: Strength factors identification

Number	Strength Indicator	Values	Scores	Total Scores
1	Human resources	0.215	3.193	0.6869
2	Easy access and direct distribution channel	0.182	3.171	0.5771
3	Consumer preferences	0.197	3.285	0.6471
4	Contribution to livelihoods of rural households	0.218	3.588	0.7821
5	The potential area for the development of ayam kampung farms in Jember	0.188	3.476	0.6534
Total		1.0		3,3467

Limited facilities and capital is found to be the most important internal threat to the farms and some strategies have been proposed to remedy this too (Table 2). According to what has been presented, on the whole it can be said that if ayam kampung is to become reliable and play a positive role in the people's lives, they need to determine and develop certain strategies, increase scale of farming, improve management from traditional to intensive, increase utilization of technology by farmers, as reported by Shahraki and Saravani (2013) very limited local participation, strict rules and regulations, consistent marketing, and reality based programs are threat factors. Glatz et al. (2011) suggested farmers could adopt improved housing and nutrition with higher nutritional value for poultry such as complete ration formulation using local feed ingredients, free choice of feed ingredients, mixing of concentrated diet with local feed ingredients, and dilution of a commercial diet with locally available food products. Then Ali (2014) reported hygiene is essential part of the poultry management system, a good and reliable biosecurity and hygiene concept should be established to avoid outbreaks of disease and to ensure good performance conditions.

Table 2: Weakness factors identification

Number	Weakness Indicator	Values	Scores	Total Scores
1	Limited facilities and capital	0.318	2.962	0.9419
2	Traditional management of farming	0.316	2.928	0.9252
3	Small scale of farming	0.183	3.932	0.7195
4	Utilization of technology by farmers are very limited	0.183	3.911	0.7157
Total		1.0		3.3026

Open and free trade area give opportunity to promote their region to attract investors and livestock products, increase employment and improve people's income (Table 3). International agriculture is facing major challenges, posed by an everchanging social and political landscape and by markets in which demand is increasingly fluctuating. The changing needs of society are having a huge impact on development strategies by livestock industry. The food industries are well aware of the consumer demand for healthful products. Dieticians promoted diet low in fat and cholesterol, ayam kampung meat benefited from this trend at the expense of red meat. Eggs of ayam kampung provide valuable nutrients for children, adults and the aged.

Table 3: Opportunity factors identification

Number	Threat Indicator	Values	Scores	Total Scores
1	Free trade area	0.215	4.382	0.9421
2	Exclusive product	0.182	4.871	0.8865
3	High population in Jember	0.197	4.885	0.7653
4	Increase income level	0.218	4.288	0.9348
Total		1.0		3.5287

External conditions concerning the opportunities are able to high population in Jember and exclusive product. Kurniawan et al (2011) reported high consumer appetite for buying local eggs. Regarding the opportunities, global population growth, rising urbanization, and income growth in developing countries lead to changes in peoples diets resulting in a rapidly increasing demand for meat and the lack of capital access is found to be the most important threat (Table 4).

Table 4. Threat factors identification

Number	Threat Indicator	Values	Scores	Total Scores
1	Competitor with high technology (modern farming)	0.215	3.182	0.6841
2	Commercial farms around Jember	0.182	3.671	0.6681
3	High cost production	0.197	3.285	0.6471
4	The lack of capital access	0.218	3.588	0.7822
5	Insufficient infrastructure	0.188	3.476	0.6534
Total		1.0		3.439

To improve the situation of ayam kampung industry and to respond to changing consumer preferences, chain collaboration and the development of marketing are necessary. The development of marketing which concern the continuous analysis of demand, future planning, the evaluation of product distribution, informative system global communication, and the training of human resources. Burkart et al (2011) reported financial institutions, and the private sector have to cooperate and develop adequate measures to assist smallholder livestock producers in the most important issues for development: microcredit obtainment, availability of adequate extension and training, infrastructure development, creation of quality awareness, and the establishment of producer cooperatives.

The calculation result of total score of internal environmental factors (strengths and weaknesses) was 0.441. The value is derived from the reduction of the total score of the strength factor minus the total score of the weakness factor. In this case the value is $3.3467 - 3.3026 = 0.441$. The value will be used as the X axis value (horizontal axis) in the SWOT diagram. Based on the calculation of the total score of external factors (opportunities and threats) was 0.0897. The value is the result of the reduction of the total score between the opportunity factor and the threat factor ($3.5287 - 3.439 = 0.0897$). The value will be used as the Y ordinat value (vertical axis) in the SWOT diagram. Based on the calculation of internal and external factors can be described as a SWOT diagram in Figure 1.

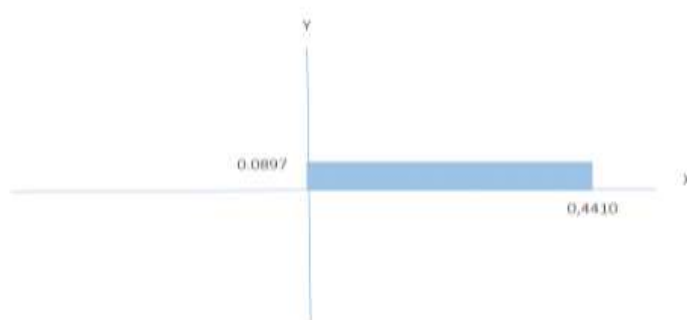


Fig. 1: SWOT diagram

The position of strategy of developing ayam kampung in Jember, based on strategic environmental analysis (internal and external environment) is in quadrant I (first). This position can clearly illustrate the opportunities and threats that can be adapted strengths and weaknesses. The strategic position also provides that the strengths are greater than the weaknesses, so that the strategy used the power of opportunities.

Studying the quantity aspect, regarding the strengths, weaknesses, opportunities, and threats, indicates that the contribution to livelihoods of rural households are the most important strength point and advantage of these regions regarding the development of the farms which must be emphasized if any improvement is to take place. Also, based on the results, limited facilities and capital is found to be the most important weakness which can be alleviated by participation of the people and state and private institutions.

Table 5. Internal factor alternative strategy and external factor alternative strategy matrix

	Strength Human resources Easy access and direct distribution channel Consumer preferences Contribution to livelihoods of rural households The potential area for the development of ayam kampung farms in Jember	Weakness Limited facilities and capital Traditional management of farming Small scale of farming Utilization of technology by farmers are very limited
Opportunity Free trade area Exclusive product High population in Jember Increase income level	Creating a strategy using the opportunities	1. Good biosecurity practice 2. Improve the quality of livestock resources
Threaten Competitor with high technology (modern farming) Commercial farms around Jember High cost production The lack of capital access Insufficient infrastructure	1. Financial institutions and the private sector cooperate and develop to assist smallholder 2. Improve and development of marketing	1. Cooperate between livestock sector and other related sectors 2. Cooperation or partnership pattern between private parties, government and higher education

The conclusion of this study can be concluded that the identification of internal factors obtained 0.441, while the identification of external factors obtained 0.0897. The development strategy native chicken (ayam kampung) by aggressive growth strategy (first quadrant). I gratefully the support of Politeknik Negeri Jember, without which the present study could not have been completed.

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