

# The Strategy of Developing Broiler Chicken Agribusiness on Livestock Partner Farms in the Village of Sasa, Ternate Sub-District, Ternate City

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## ABSTRACT

The livestock partner is a livestock company located in the South Ternate district, which provides live and slaughtered broiler chickens. Livestock partner is also very concerned about the distribution and marketing of broiler chickens because the prospect of broiler chickens is still promising with the widening of the market and the magnitude of fulfilling the needs the public will broiler chickens. This study aims to analyze what strategies must be carried out by the livestock partners of livestock partners in the village of Sasa in developing their business. This research took place from September to October 2018 with the sampling method used was the purposive sample method while the analytical method used was a qualitative analysis (SWOT). Data was collected, then compared in two factors, external opportunities and threats — internal factors, strengths, and weaknesses that can affect the progress of the company. The results got in the SWOT's analysis matrix diagram, the position of livestock partner farms is in quadrant I with coordinates X (1,233) and Y (1,396) these positions depict broiler chicken farms Partner cattle are in a helpful position, and the right strategy is SO strategy (strength – opportunities).

**Keywords:** development, agribusiness, broilers

## 1. INTRODUCTION

Food and clothing is an essential requirement for every individual. The material is not the result of a miracle, but the result of hard work and efficiency by many people in a system that includes activities on inputs, production, processing, and marketing of food (output factors). Agribusiness business activities in Indonesia have existed since before the first stage of long-term development (PJP I) were the spearhead of agribusiness development is business/agriculture. Whereas in PJP II, the spearheads are agroindustry (processing) and trade [1,4]. One of the endless business opportunities is business opportunities related to food. These opportunities are spread from the supply of raw materials to finished products, namely food. According to [2,5], one commodity is most in-demand by entrepreneurs is the broiler or broiler business. Broilers are easy to accept both in terms of taste, production speed, and cost [6,7].

The livestock partner is one of the many breeding companies in the South Ternate district, which provides live and slaughtered broiler chickens [11]. Livestock partner is a broiler chicken breeding company that is very concerned about the distribution and marketing of broiler chickens because the prospect of broiler chickens is still

promising with the wider market and the large fulfillment of community needs for broiler chickens, but often also farmers do not benefit from the results of their livestock. This is because of soaring feed prices. To maintain the management of the livestock business, the Livestock Partner must be able to maintain the quality of meat by always paying attention to management ranging from providing seeds, raising broiler chickens, marketing of broiler chicken products to consumers, not only that Livestock Partners must also pay attention to customer satisfaction [8].

Based on this description, it can be described the problems of the Livestock partner, namely how is the strategy of developing Livestock partner breeding in Sasa Village; South Ternate District Ternate City viewed in the internal aspects (strengths and weaknesses) and external aspects (opportunities and threats).

This study aims to analyze what strategies must be carried out by livestock partners of livestock partners in the Village of Sasa, South Ternate District of Ternate City in developing their businesses.

## II. METHODS

### *Time and Place of Research*

The research took place from September to October 2018. The research location was at the partner livestock farms in Sasa village, south Ternate sub-district, Ternate city. Determination of the location is done or (purposive sampling) with the consideration that the livestock partner livestock business is one people's farm engaged in the business of raising broilers by having enough livestock compared to other broiler breeders in the City of South Ternate.

### *Data Types and Sources*

This type of research is research with survey methods and direct observation in the field. Sources of data collected come from primary data and secondary data. Primary data were collected by direct observation and interviews using questionnaires with Livestock partner broiler breeders located at South Ternate sub-district, while secondary data were obtained from literature books that are relevant to this study and related institutions.

### *Sampling Method*

The sampling method used in this study is the purposive sample method, which is the sample chosen intentionally and the number of samples taken is one sample, namely in the Livestock partner farms in Sasa village, South Ternate Sub-District, Ternate City.

### *Data analysis method*

In this study, researchers used a qualitative analysis method (SWOT) data collected then compared in two factors, external factors opportunities (threats) and threats (threats) with internal factors strengths and weaknesses that can affect the progress of the company.

**Table 1.** Internal Environment Analysis of Livestock Partners in the City of Ternate, 2018.

Strengths	Weaknesses
■ Producing good quality broilers	■ Weight of broiler chicken weight varies
■ Broiler chicken prices are affordable and following product quality	■ Consumers who come directly are still few
■ Definitive and clear marketing distribution (Marketing agency)	■ Financial reports are still simple
■ Having a local and skilled workforce	■ Working capital is still limited
■ Various forms of promotion	■ It is difficult to get raw material for animal feed
■ Implementation of good work management	■ High production costs if the harvest is delayed
■ The cooperation relationship between farmers and marketing institutions is quite good	
■ Extensive farmland	

Source: Primary data processed, 2018

## III. RESULTS AND DISCUSSION

### *Internal and External Environment Analysis*

#### **1. Internal Environment Analysis**

The analysis of the company's internal environment aims to identify some strengths and weaknesses contained in the company's internal business resources and processes. The following can be seen below the strengths and weaknesses of livestock partner companies (Table 1).

#### **2. Analysis of the External Environment**

The analysis of the external environment illustrates the opportunities and threats that each company has (Table 2). States that companies must monitor micro-power actors such as customers, competitors, and suppliers that can influence the company [3]. Besides that, the company must also monitor the macro strength that comes from the demographic, economic, technological, political/legal, and socio-cultural conditions that can affect the company. The following can be seen below the external environmental factors that illustrate the opportunity and threat factor of the Livestock Farmer Company.

**Table 2.** Analysis of the External Environment of Animal Husbandry Partners Ternate City, 2018.

Opportunity	Threats
■ Cooperation with suppliers of production facilities	■ The number of small farmers who are just starting
■ The population increases according to the target market	■ The number of frozen chickens imported from outside
■ Increased orders for broiler chickens at certain events	■ Increasing substitute products or substitutes for chicken
■ Consumption of local chicken (fresh chicken) is still high	■ Unstable market prices
■ The government supports in advancing the livestock sector	■ Outbreaks of disease in broiler chickens
■ There are credit loan opportunities offered by banks	■ Prices of animal feed are getting higher
■ Ability to use technology is quite good	■ Changes in the natural environment affect the level of production

Source: Primary data processed, 2018.

### *SWOT Matrix Analysis*

The SWOT analysis can be divided into two categories, namely internal factors, and external factors. These internal factors include Strength and Weakness, while external factors include Opportunities and Threats. SWOT matrix analysis is one of the most common ways in the formulation of a company's strategy, product sales, and new business ideas. Seen in Table 3, internal environmental matrix strategy analysis or the Internal Factor Analysis Summary (IFAS) and the external

environmental matrix or External Factor Analysis Summary (EFAS) [9,10].

The table above shows the results of the analysis obtained from Livestock partner farms, the greatest strength possessed through the observation of 6 internal factors strength with the same score of 0.417, namely producing good quality broilers, broiler chicken prices affordable

and in accordance with product quality, implementation of good work management, and also supported by the area of the farm owned. While the identification of the biggest weaknesses of livestock partner livestock with a score of 0.200 is the weight of broiler chicken weight varies.

**Table 3.** Internal Environmental Factors of Livestock Partner Livestock, Ternate City 2018.

No	Internal Environmental factors	Weight	Rating	Score
<b>Strengths</b>				
1	Producing good quality broilers	0,083	5	0,417
2	Broiler chicken prices are affordable and following the quality of the product	0,083	5	0,417
3	Clear and clear marketing distribution (Marketing agency)	0,067	3	0,200
4	Has a local and skilled workforce	0,083	5	0,417
5	Promotional forms are diverse	0,083	5	0,417
6	Implementation of good work management	0,083	5	0,417
7	The cooperative relationship between farmers and marketing institutions is quite good	0,067	3	0,200
8	Large area of livestock farms	0,083	5	0,417
<b>Weaknesses</b>				
1	Weight of broiler chicken weight varies	0,050	4	0,200
2	Consumers who come directly are still few	0,050	4	0,200
3	Simple financial statements	0,050	5	0,250
4	Limited working capital	0,067	5	0,333
5	Difficult to get raw material for animal feed			
6	High production costs if the harvest is delayed	0,067	4	0,267
<b>Total</b>		<b>1,000</b>		<b>4,567</b>

Source: Primary data processed, 2018.

**Table 4.** External Environmental Factors of Animal Husbandry Partners, Ternate City 2018.

No	External environmental factors	Weight	Rating	Score
<b>Opportunity</b>				
1	Cooperation with suppliers of production facilities	0,094	5	0,472
2	The population increases according to the target market	0,094	5	0,472
3	Increased orders for broiler chickens during certain events	0,094	5	0,472
4	Consumption of local chicken (fresh chicken) is still high	0,094	5	0,472
5	The government supports in advancing the livestock sector	0,038	2	0,075
6	There are credit loan opportunities offered by banks	0,094	4	0,377
7	The ability to use technology is quite good	0,094	5	0,472
<b>Threats</b>				
1	The number of small farmers who are just starting	0,019	3	0,057
2	The number of frozen chickens imported from outside	0,075	4	0,302
3	Increasing substitute products or substitutes for chicken	0,057	3	0,170
4	Unstable market prices	0,075	4	0,302
5	Plague in broiler chickens	0,038	3	0,113
6	The price of animal feed is getting higher	0,075	4	0,302
7	Changes in the natural environment affect the level of production	0,057	3	0,170
<b>Total</b>		<b>1,000</b>		<b>4,226</b>

Based on the weighting and rating in the external factors of opportunities and threats on Livestock Partner Farms, it shows that there are 5 biggest opportunities owned by the same score of 0.472, including cooperation with suppliers of production facilities, increasing orders for broiler chickens at certain events and consumption local chicken (fresh chicken) is still high. While the highest threat factor with a score of 0.302 is the number of frozen chickens imported from outside and followed by a value of 0.057, namely the number of small farmers who have just started raising. Based on the analysis of the internal environmental matrix strategy (IFAS) and the external environmental matrix (EFAS) in the table above, the score results are then calculated to determine the coordinates of the two environmental factors, as shown in the Table 4.

**Table 5.** Score results and coordinate points of internal environmental analysis and external environmental analysis, livestock partner livestock in Sasa village, South Ternate sub-district, Ternate city, 2018.

Environmental Analysis	Score Results
Internal factors	1,233
External Factors	1,396

Source: Primary data processed, 2018.

The calculation result of the livestock partner's SWOT matrix which becomes the coordinator of the company's determining position is the difference between the two internal and external factors, namely 1,233 and 1,396 of this value, which is still seen to be dominated by the strength and opportunity of the Livestock Partner's livestock (Table 5). Score scores on strengths and opportunities are the coordinates of the determinants of the position of broiler chicken farms which will be illustrated in the SWOT diagram [9].

#### *SWOT Matrix Diagram Analysis*

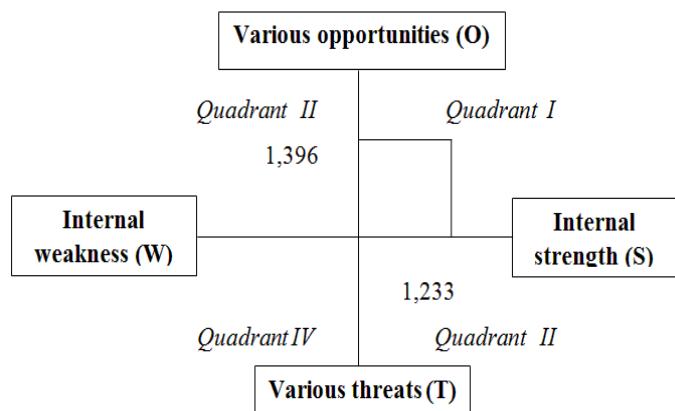
This matrix illustrates how the opportunities and threats faced by the company and will be adjusted to the strengths and weaknesses of the company. For more details, it can be seen in Figure 3 SWOT matrix diagram position determinant of animal husbandry partners.

In the SWOT Matrix Diagram, the livestock partner position of livestock is in quadrant I with coordinates X (1,233) and Y (1,396). The position illustrates the broiler breeding of livestock partners in an advantageous position and the right strategy to implement is the SO strategy (strength–opportunities) that are using the strength of the company's strengths to get opportunities.

#### *Selection of agribusiness development strategies adopted by livestock partner farms.*

Based on the results of the SWOT analysis, the selection of recommended agribusiness development strategies for Livestock Partners is:

- a. Establish a good cooperative relationship with suppliers and customers to meet market demand.
- b. The increasing population determines greater chicken consumption. Also, especially if there are events on important religious days.
- c. Good work management skills can improve the quality of broiler chickens and the prices that can be reached by consumers.
- d. Expanding marketing distribution and forms of promotion that can attract customers.
- e. Capture business opportunities in the form of government and banking assistance.



**Figure 3.** The livestock partner position of livestock in the SWOT matrix diagram

#### **IV. CONCLUSION**

1. Based on the analysis of the SWOT Matrix Diagram, the livestock partner position of livestock is in quadrant I with the coordinates X (1,233) and Y (1,396). This position illustrates the broiler chicken farms. The livestock partner is in an advantageous position, and the right strategy is SO strategy (strength–opportunities) that is to use the strengths of the company to get opportunities.
2. The recommended agribusiness development strategy for livestock partner broiler chicken farms is establishing good cooperative relations with suppliers and customers to meet market demand, the population that is increasingly determining determines greater chicken consumption. Also especially if there are events of important religious days, good work management skills can improve the quality of broiler chickens and prices that can be reached by consumers, expand marketing distribution and form of promotion that can attract customers and capture business opportunities in the form of government and banking assistance.

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