

STRATEGY TO GROWTH AN EXCELLENCE COMPETITIVENESS IN BROILER CHICKEN BUSINESS (A Case Study : Poultry Company in Indonesia)

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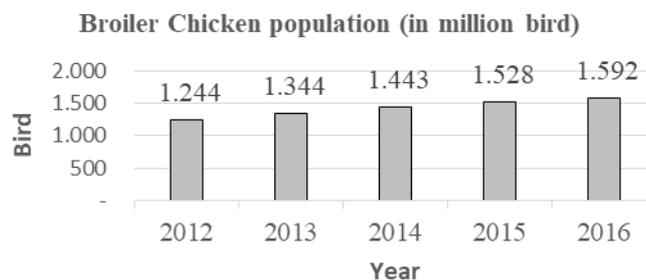
Abstract - Indonesian society tend to buy a living chicken or a fresh chicken meat in traditional market. Their awareness to consume a hygienic processed-chicken product is still at a low level. Producer can not establish the selling price because they sell chicken in live bird that makes the price is determined by market mechanism. This research aims to analyze the growing of excellence competitiveness one of the broiler chicken producer in Indonesia. The primary data is taken from an indepth interview through purposive sampling and focused group discussion (FGD). Porter's five forces model is used to analyze the competitiveness level by the whole of broiler chicken business. This research is using descriptive analysis methods with AHP multi-rater as a supporting tools. Some issues in certain company that are unmeasured is simplified into some parts, then managed into a certain hierarchy based on the concern levels through synthesis variables. The result of this research shows a factor that affecting the excellence competitiveness is the bargaining power from buyers. The aim of this research in increasing the excellence competitiveness is by decreasing the production cost, and also the alternative strategy chosen is improving the farm technology

Keywords: Analytic Hierarchy Process (AHP), Competitive Advantage, Porter's Five Forces

I. INTRODUCTION

Indonesian society tend to buy a living chicken or a fresh chicken meat in traditional market. Their awareness to consume a hygienic processed-chicken product is still at a low level. Producer can not establish the selling price because they sell chicken in live bird that makes the price is determined by market mechanism. Chicken meat consuming level in Indonesia society is still low, only 8 kg per capita per year, this number is far below Malaysia which is 36 kg, Thailand 16 kg, even Phillipines 9 kg. Poultry community has already do a nutrient campaign so that the consuming level is growing. The phenomenon above stimulates competitiveness level between chicken broiler producers that become merely high. Based on Central Agency on Statistics, broiler chicken population in Indonesia is having grown during the period of 2012 - 2016, as it seen on Table 1. At 2012 the number of broiler chicken is only 1.244 million, is increasing become 1.593 million on 2016, or having grow up for 27.98%. The growing of this population is align with the income growth level per capita as well as the population of this society. According to BPS data, the numbers of Indonesia population on 2016 reach 259 million with income per capita up to USD 3.605, and the economy growth level reach 5.02%.

Tabel 1 Broiler chicken population



Source: Central Agency on Statistics (2017)

According to Porter (1998) a corporation who is classified has excellence competitiveness once they have something that others have not, or can do something better than others, or able to do something that others can not do. A competitiveness level can be reached by a corporation through changing and innovation. Whereas changing and innovation is only can be done by human. A corporation that has power in which others can replicate that is considered a corporation that has distinctive competence, which is a specific competence of a corporation (Rangkuti 2016). According to Mulyadi and Setiawan (2001), in a competitive business environment, corporate competitiveness can be constructed if the corporation has a certain leading compared to others. Business environment condition is always changing; the competition between corporations is getting tight and rapidly changing in this

digital era (Dewobroto 2005). Thus, the industry needs precise systematic procedures for survival (Dyah 2015). The process of determining systematic procedures and precise strategy for a certain industry is surely a holistical thought about any aspects related to this industry. Therefore, the purposes of this research are to 1) Analyse condition factors that influence the corporate competitiveness 2) formulize the excellence competitive strategy.

II. DATA AND METHODOLOGY

This research is conducted in Jakarta. The location is chosen intentionally by considering headquarter that is located in Jakarta. The days this research is conducted is on April until August 2017. This research design is using qualitative method through an exploration of using indepth interview technique as well as purposive sampling and focused group discussion (FGD) with the experts that has purpose to gain complete overview about business competition in poultry. Those experts are from managerial level of the corporatin which are President Director, Head of Production, Head of Marketing, Finanace Controller and Branch Manager.

Data is taken from quistionaire and interview, after that we do an analysis using Porter's Five Forces Model. According to Porter (1998) a company is depend on a five power that will determine their sustainability. Method that is used to formulize strtegy is Analytic Hierarchy Process (AHP), with AHP hierarchicycal structure based on the competitiveness level theoretical approach of Porter's Five Forces, which is consisted from four hierarchycal level; focus, factor, goal, and alternative strategy. AHP is one of the fluid models that give chance for individual or group to construct ideas and explain the issues by creating their own assumptions and gain the solution that is expected to (Saaty, 1990). Complex issues that can be simplified and fastened for taking decision (Marimin and Maghfiroh 2010). AHP has a capability to solve problems either multi-objective or multi-criteria based on the preference comparison on each element inside the hierarchy. Thus this model is a comprehensive decision model (Tatcchi 2009). The strategy formulation that is gained based on discussion result from experts can be a trustworthy respondent from filling the AHP quistionaire. Next the strategies are formulated and re-questioned to the experts that concerning abut how important those strategies should be done by giving a value or comparative-coupling scale according to AHP method. After giving the value, data is re-conducted by using Expert Choice 11 software. The priority strategy can be obtained by seeing the highest socre on the AHP analysis. Thus, based on that result it can be obtained an output about what regulation should be done by the corporate management to support the prior strategy so that can be run effectively and efficiently. AHP framework on this research can be seen on this Figure 1.

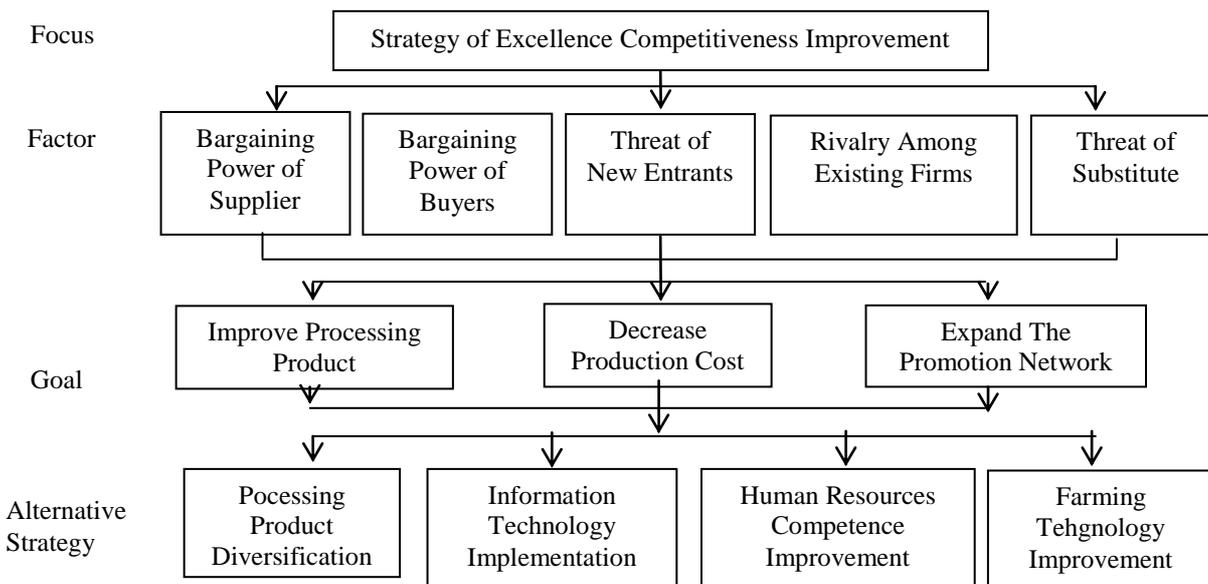


Figure 1 AHP Framework

III. DISCUSSION AND RESULT

General Overview of Broiler Chicken Corporate

The research object is corporate that run their business in broiler chicken farming. This farming activity is done with maintaining relationship with the breeder as a partner. Corporate sell their products as a live bird with the main consumen is seller distributor. They buy chicken in a bulk quantity and sell again to collectors. Then collectors sell to individual merchants in traditional markets, then after that reach to the end customers.

Condition Factors That Influence Competitiveness By Using Porter’s Five Forces Model

The analysis result is using Porter's Five Forces model to know factors condition that influence the competitiveness level of broiler chicken as can be seen on Figure 2. Competition environment that is faced by poultry business is generally from the high-demands level from buyer because buyer dominates the distribution chain. Producers are not yet have their own marketing channel. The distribution channel from producer to consumer is merely long. The stakeholders that involve in this selling process are distributor, sub-distributor, agent and individual merchant in traditional markets. Buyer is easily moving to other producer, with reason the buying requirement that is looser. The supplier also has high bargaining power because corporate can not determine the product quality that will be bought. The threat of new player as a broiler chicken breeder in that appears as single business entity or individual. Besides that other threat is the plan of import product (chicken leg quarter). The high price of chicken encourages them to enter the broiler chicken industry. The competition of each industry is including the rise of high capacity and less differentiation. Corporates compete to fight for plasm and get the buyer. The threat of substition product, like black campaign threat and news that goes viral in socialmedia about farming product like: hormone usage, antibiotics residue, cholesterol content, triggers of any desease (cancer, high blood pressure, cholesterol) including livestock and environment sustainability, so that broiler chicken should be avoid.

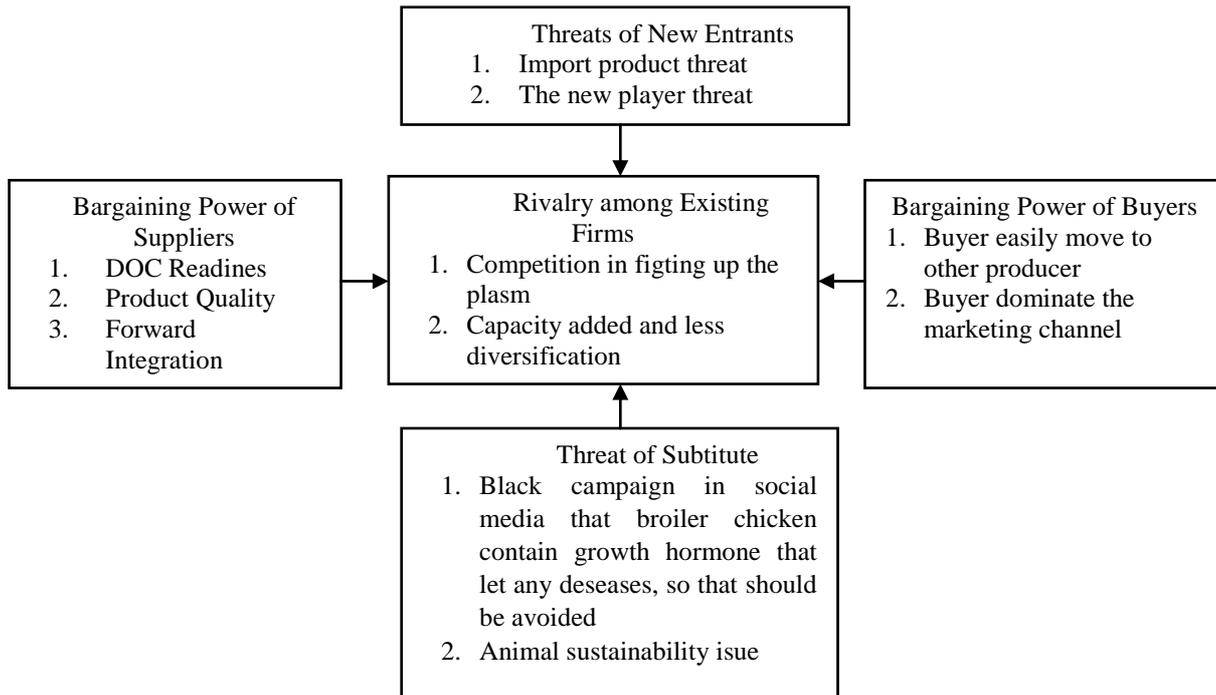


Figure 2 Analysis Competitiveness Improvement in Broiler Chicken by Using Porter’s Five Forces Model

Alternative Strategy To Improve Competitiveness of Broiler Chicken

After knowing condition factors that influence competitiveness, next we do the analysis to determine the alternative strategy and then do the hierarchyal process to determine priority strategies to be implemented to run broiler chicken business. From the interview results, we can obtain three essential answer that become purpose to improve the excellence competitiveness such as:

1. Lower the production cost by using chosen strategy in improving the horticulture technology, human resource competencies, and the implementation of information technology.
2. Improve processed product, strategy that is chosen is processed product diversification and the improvement of human resource cempetencies.
3. Expand the marketing networks with chosen strategy that is the improvement of human resources competencies and the implementation of information technology.

Priority Strategy Analysis in Improving Excellence Competitiveness

Next analysis that is done in this research is constructing hierarchy by seeing Focus, Factor, Purpose, and alternative strategy that has been analyzed on the next level. AHP to improve the excellence competitiveness can be seen on figure 3. Results from this vertical processing on AHP excellence competitiveness is as in follow:

1.Factor

The outcome of vertical processing in Factor level for strategy decision making of excellence competitiveness that can be seen in Table 2. The results experts discussion shows that the main factor that is the most influencing towards the excellence competitiveness is from buyer bargaining level (F1) with value by 0.488. Corporate has an enough high dependencies as wholesalers in promoting their products, they know their marketing channel. The wholesalers by any reasons and chances always ask for discount. Because the product that is offered is live bird thus during the harvest season, whether want it or not the chicken should be harvested. Because if it is not sale soon, corporate will bear the risk so that they concerned with the wholesalers. Once the chicken is harvested, but the price is getting decrease, the wolesalers is asking for rebate.

Table 2 Factor Value Vertically

Factor	Value	Priority
Bargaining Power of Buyers	0.488	1
Bargaining Power of Supplier	0.040	5
Threat of New Entrants	0.146	3
Rivalry among Existing Firms	0.243	2
Threat of Substitute	0.083	4

Second priority with the same value as 0.243 is competition factor between each corporate in same industry. The third priority with the value 0.146 is threat factor of newcomers. The fourth priority with value 0.083 is threat factor from substitute product. The fifth priority with the value 0.040 is a factor of supplier bargaining level. From AHP result with the minimum requirement less than 0.1, the output of five experts for those factors result consistency value in 0.06, this value is less than 0.1 thus can be concluded as reach the minimum consistency requirement from five experts in assessing the Factor.

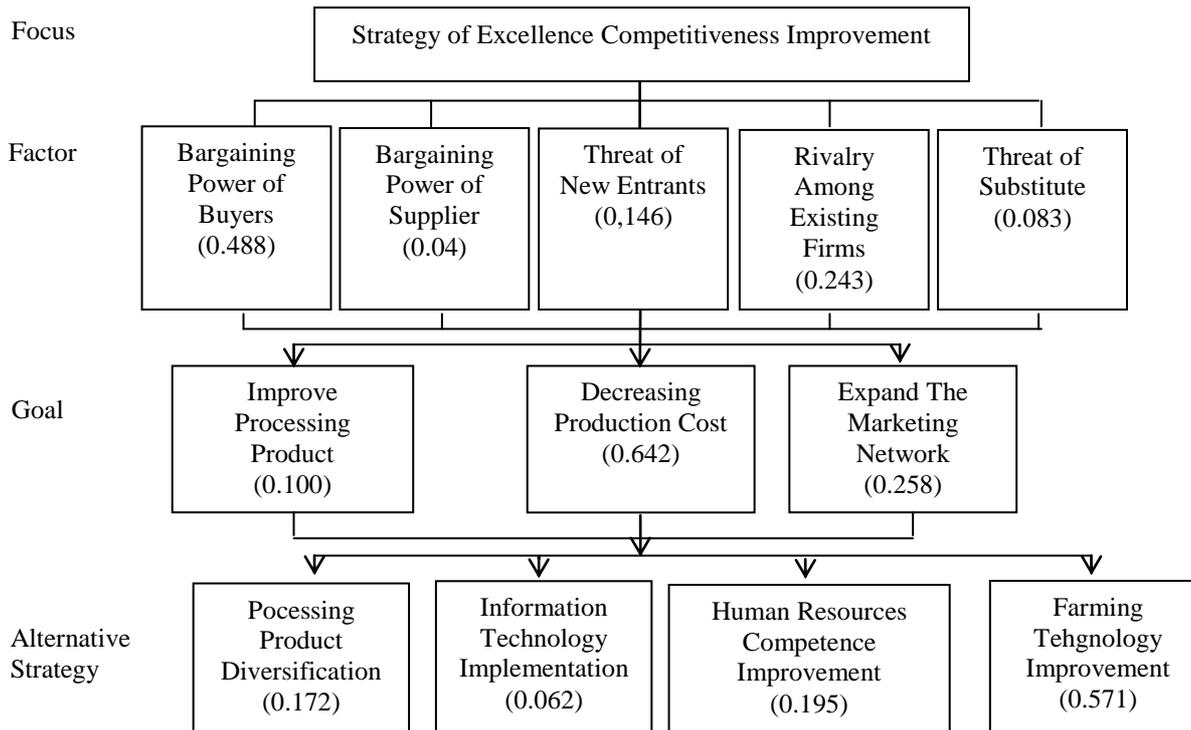


Figure 4 AHP Hierarchical Strategy Choosing

2.Goal

The output of vertical processing on goal level to take strategy decision of improving excellence competitiveness can be seen in Table 3. This hierarchy result on goal result value with the third most priority, based on compounding assessment from experts result the most priority on the purpose hierarchy in which by decreasing production cost with value by 0.642. Main component on the cost structure of broiler chicken pricing is feed, around 70%. The decreasing of production cost can be reached by doing feeding efficiency. Second priority with value by 0.258 is on the purpose of expanding on marketing network. The third priority with value by 0.100 is on Purpose improving processing product.

Table 3 Factor Value Vertically

Goal	Value	Priority
Improve processing product	0.100	3
Decreasing the Production Cost	0.642	1
Expand The Marketing Networks	0.258	2

From those AHP results with minimum consistency requirement less than 0.1, the compounding results from five experts for the actor generates consistency value by 0,06 , in which this value less than 0,1 so that it can be concluded it has already expected the consistency level from 5 experts on assessing the Goal.

3.Alternative strategy

Results of vertical processing on alternative strategy level for strategy decision making of excellence competitiveness can be seen on Table 4.

Tabel 4 Factor Value Vertically

Alternative Strategy	Value	Priority
Processing Product Diversification	0.172	3
Information Technology Implementation	0.062	4
Human Resources Competence Improvement	0.195	2
Farming Technology Improvement	0.571	1

Hierarchy result on the strategy generates the value with four priority levels, based on the compounding assessment from five experts it results the main priority on that strategy hierarchy is the improvement of horticulture technology with the value by 0.571. Second priority with the value by 0.195 is the improvement of human resource competencies and the third priority with the value by 0.172 is processing product diversification, and the fourth priority with the value by 0.062 is on information technology implementation. From the AHP results with the minimum requirement of the consistency in which less than 0,1 , the compounding results from five experts for the alternative strategy results value by 0.06, in which this value is less than 0,1 so that can be concluded has been already meet the standard from these five experts in assessing the strategy.

The implementation of good farming technology can decrease the production cost. Feed is a main component for production cost. The feed usage indicator is based on feed conversion ratio (FCR), in which how much kilogram feed is needed to produce one kilogram chicken meat. The decreasing of FCR will improve the competitiveness. Besides that farming technology is expected to eliminate any negative impacts caused by global climate changing. The global climate changing will let any disease come. For example the emerging of any diseases that affects the harvest failure or the increasing of production cost. Leading farming need to be supported with the using of information technology so that it will encourage the agility in doing a decision making. The distributors dependancies can be handled by simplify the supply chain, through e-commerce. This strategic plan should be supported with the using information technology. It will encourage automation in any fields. Other strategic decision is by producing processing product. But this decision should be supported with a campaign that involving society to accept the processign chicken that is processed hygienically. The using of information technology is to make all of the internal business process become more efficient. The implementations of information technology are in supporting a decision making, production analysis, production cost calculation, and decision making in selling or not selling the product. Corporate is starting to realize that it is necessary to manage the human resource correctly. Employee with correct competencies inside their daily works will improve corporate performance. In determining competencies corporate need to identify a correct competency model used to activate human resource management. Business strategy that has been formulized needs to be implemented with supporting human resources. According to Dar (2011), Marchington (2003), DeSarbo et al (2007), Gilgieous & Parveen (2001), and Khandekar & Parveen (2001) excellence competitiveness can be created by empowering human resource

Managerial Implications

Managerial implicaion that can be done by a corporation management is explained as follow:

1. The improvement of farming technology is in an implementation of chicken coop close house, positive or negative pressure usage, and bio security control
2. A good coop implementation management, therefore it results efficient chickens, because the death level is low and the usage of woof is growing
3. To improve the quality of human resource itself

IV. CONCLUSION AND RECOMENDATIONS

Conclusion

After this research is done, based on the research outcome it can be concluded as in follow:

1. to improve excellence competitiveness through decreasing in cost production
2. Alternative strategy chosen is in horticulture technology improvement and human resource competency improvement

Recommendations

This study can be a useful reference in anticipating business environment changing. To improve excellence competitiveness, corporate need to adopt latest and the most updated farmig technology. Besides that corporate is need to upgrade the quality of human resources. Therefore, corporate can reach the excellence comptetitivness in which technological and human resource based.

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