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Formulating the Strategy to Increase Coffee Export PT. Berkat Mukmin Mandiri Sidoarjo, Indonesia

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Abstract:

ICO or International Coffee Organization in 2019 reported that world coffee consumption continued to increase since 2014, the growth of world coffee consumption had a positive impact on world coffee exporting countries including Indonesia. One of Indonesia's coffee exporters, PT. Berkat Mukmin Mandiri located in Sidoarjo Regency. PT. it is a business owned by the Mandiri Mukmin Islamic boarding school which is still on the SME scale or small and medium business. This study aims to identify the efforts of PT Berkat Mukmin Mandiri Sidoarjo so that coffee can penetrate the export market and formulate a strategy to increase the coffee export market of PT. Berkat Mukmin Mandiri Sidoarjo through a SWOT analysis. The results showed that PT. Berkat Mukmin Mandiri, they made various efforts to ensure that coffee prayers could be exported, such as coffee, which was read out in prayer, implemented a work system according to sharia principles, implemented a blue ocean strategy, expanded overseas partner networks, established communication between business organizations, established good relations with the government and always increase added value products. the results of the SWOT analysis show that the right strategy in increasing the export market of coffee do PT. BMM is a Strength - Opportunity (SO) strategy that is a strategy by utilizing the power to seize as many opportunities as possible.

Keywords: Coffee, strategy to increase exports

1. Introduction

Coffee is one drink that is loved by people, both men and women, young and old. Aguirre (2016) states that important factors in influencing the frequency of coffee consumption are culture, health, and gender. So, it is not surprising that coffee consumption continues to increase, as reported by the ICO or International Coffee Organization (2019) which reports that world coffee consumption continues to increase, where the total world coffee consumption in the 2014/2015 period reaches 151,505 bags until the 2017/2018 period a total of 161,739 bags. The increase is 10,234 bags, equivalent to 614.4 tons of coffee. This can be interpreted that coffee enthusiasts continue to increase which is marked by an increase in the volume of world coffee consumption. Therefore, the growth of world coffee consumption has a positive impact on world coffee exporters including Indonesia as a coffee exporting country.

One of Indonesia's coffee exporters, PT. Berkat Mukmin Mandiri located in Sidoarjo Regency. PT. it is a business owned by a pesantren or a Mukmin Mandiri boarding school business unit that is still on an SME scale or small and medium business. Establishment of PT. Berkat Mukmin Mandiri is a new breakthrough in the world of Islamic boarding schools because it has integrated a business entity within a boarding school. Whereas during this time the public perception of the connotation boarding school will definitely lead to a place of religious learning only, but the Mandiri Mental Islamic boarding school is different from the pesantren in the public, because its base is not only religious (tafaqohu fidin) but also deep in business (tafaqquh fittijarah).

PT. Berkat Mukmin Mandiri, it has successfully exported its coffee to various countries such as Italy, Malaysia, China and Australia. Of course, as a coffee exporter PT. Berkat Mukmin Mandiri, they must be prepared to face the strong competition. Alejandra (2012) states that international competitiveness is now one of the important topics in economic and management studies, the concept can be analyzed in three scopes, namely, companies or microeconomics, then industrial or meso-economic and national or macroeconomic depending on which object should be analyzed.

But in increasing the coffee export market, PT. Berkat Mukmin Mandiri experiencing obstacles, it is known that every year PT. it produces 500 tons of coffee to meet its market demand, both domestically and abroad. Then the export target of the coffee market is from PT. Berkat Mukmin Mandiri is 30% or 150 tons (30% of 500 tons). But every year the fulfillment of the export market demand for coffee is still 25 tons. The size is still relatively minimal because the total

Indonesian coffee exports based on BPS (2017) report reached 467.8 thousand tons per year. This means that the total coffee exports of PT. Berkat Mukmin Mandiri, it contributed 0.05% of Indonesia's total exports in 2017.

If PT. Berkat Mukmin Mandiri not preparing the company well to overcome the barriers to its exports, there will be more opportunities for PT. Berkat Mukmin Mandiri which cannot be utilized. The problem that is often faced by Indonesian coffee exporters SMEs is related to the different regulations that are applied in each of the export destination countries and the complicated Indonesian government rules. However, for whatever reason, problems in the export business must immediately find a way out so that they do not lose their coffee export market opportunities. Solutions to overcome these problems should not only be in wishful thinking, but more concrete action is needed to help them create alternative strategies so that PT. Berkat Mukmin Mandiri, it could increase its coffee export market.

Therefore, this study aims to (1) identifying efforts to penetrate the export market. (2) formulating strategies through SWOT analysis.

2. Literature Review

2.1. Competitiveness

A company that is able to produce good quality products or services is an effective company, meaning that the company is able to compete. Fitriani (2015) explains, competitiveness is a concept that refers to commitment to market competition in the case of companies or industries and international success in the case of countries. The side of failure is because it will weaken companies that are static, fear of competition and the inability to produce quality products, so competition is a threat to the company. According to Bernardin & Russel (2010) competitive advantage means the ability of an organization to formulate strategies to exploit possible opportunities. Bhawsar & Chattopadhyay (2015) states that competitiveness is a concept whose scope is at various levels ranging from countries, industries, companies and products. Each level certainly has a difference in regulating competitiveness, but all elements of each other influence each other on the progress of the economy.

2.2. Export

Exports according to the Decree of the Minister of Industry and Trade No. 182 / MPP / Kep / 4/1998 state that exports are activities to issue goods and services from the customs area of a country. While the customs area itself is the definition of the territory of the Republic of Indonesia which includes land, water and air, as well as certain places in the exclusive economic zone and continental shelf in which Law No.10 of 1995 applies to Customs. According to Amir (2007) Exports are shipping goods out of Indonesia's customs area. Export activities begin with the actors involved, namely exporters and importers of goods or services, both of which are different in different countries and make written agreements in a sale and purchase contract therein clearly stipulated the rights and responsibilities of each so that the possibility of occurrence misinterpretation. Meanwhile, according to Sukirno (2014) explaining export demand is the amount of goods and services that are requested to be sent from one country to another

2.3. Stakeholders

Kasali (2017) is every group that is inside and outside the company that has a crucial role in determining company goals and stakeholders can also be interpreted as any person or group who risked their lives on the company. While Budimanta et. al (2008) states that it can be said as a stakeholder if an individual or group, community and community who have the role of power, legitimize, have an interest in the company. Thus, stakeholders have a very crucial role in a company to increase its export market.

3. Research Methods

This research is descriptive qualitative. The research location is PT Berkat Mukmin Mandiri, namely Jalan Graha Tirta Estate Bougenville No. 69 Waru Sidoarjo East Java, Indonesia. The research subjects consisted of komisaris, marketing leaders, HRD, employees, foreign buyers and the government. Data collection research was conducted by interview, observation and documentation. The instruments used were interviews, observations and document sheets. Data analysis techniques are used with the model of Miles and Huberman (2014) covering three steps: data reduction, data presentation, and conclusion drawing. Data reduction is summarizing and selecting important data and removing unnecessary data to help researchers get a clear picture of the focus of the research. Data presentation means the presentation of research data in the form of narratives, charts, graphs, flowcharts, and so on to describe the phenomena that occur. While the conclusion is the final stage of the process of analyzing qualitative data, which contains answers to the research problem formulation. The flow process determines alternative strategies in increasing the coffee export market as shown in Figure 1:

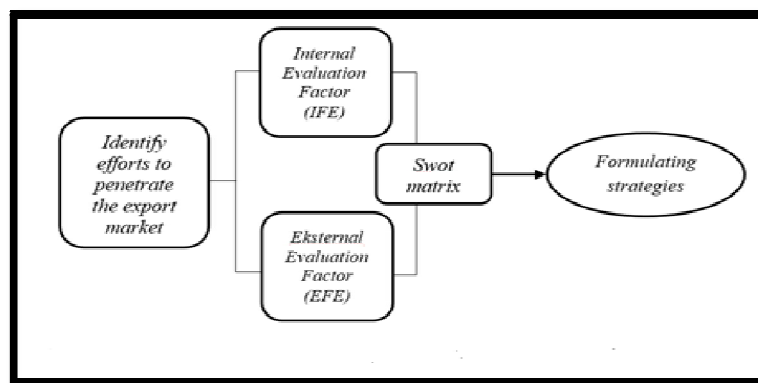


Figure 1: Flow to Determine Strategy through SWOT Analysis

4. Findings and Discussion

The findings and discussion of this study consisted of: (1) identifying efforts to penetrate the export market. (2) formulating strategies through SWOT analysis.

4.1. Identifying Efforts to Penetrate the Export Market

As a business unit owned by boarding schools, PT. Berkah Mukmin Mandiri, of course, it cannot be separated from the elements of the pesantren such as, all the business drivers of PT. These are all santri, from production, logistics, finance and marketing. Then the coffee produced is also always read out in prayer by the santri and the kiyai, the hope is that the coffee can provide its own blessings to drinkers. So that the coffee is named coffee do'a. In addition to its unique name, the quality of coffee produced is also selected from the type of quality coffee. Then as an effort of PT. Berkah Mukmin Mandiri that coffee can penetrate the export market, PT. It applies the work principle according to sharia principles as a work system that is different from other companies, where all PT. Berkah Mukmin Mandiri, the santri pesantren Mukmin Mandiri. By applying sharia working principles to companies it is a distinguishing force with other companies, where the work culture that is built is by fostering a close spiritual bond between superiors and subordinates (kiyai with santri) so that it will have an impact on increasing PT. Berkah Mukmin Mandiri in fulfilling its coffee export market demand. This is supported by research conducted by Nazamul (2013) which states that if all members of the organization work in accordance with the guidelines of this study including trust in God, spirit of da'wah, justice, accountability, mutual respect, mutual trust, absolute sincerity, hard work, cooperation, excellence, brotherhood treatment, honesty and truth, morality, consultative decision making, knowledge, good behavior, sacrifice, neat and clean to create an organization that relies on Allah SWT with full commitment and absolute sincerity, it is hoped that blessings from Allah will be the only one that will improve organizational processes for better productivity, and enjoy a better organizational development process.

Then also found a second attempt to implement the Blue Ocean strategy (building new markets). Where the blue ocean strategy aims not to fight the market or consider competitors as opponents, but the Blue Ocean strategy tries to make the company's strategy by providing added value so as to be able to build new market areas that can attract consumers. Therefore, this strategy is implemented by PT. Berkah Mukmin Mandiri in increasing the market for coffee exports. This is supported by research conducted by Sugianto (2013) which states that if a company strategy is prepared based on a blue ocean strategy, a concept of a treatment and coffee shop outlet will emerge and produce new products that can increase added value and capture market share that has not been reached by other companies. Then also supported by research conducted by Leavy (2018) which states that the creators of the Blue Ocean strategy (Blue Ocean) surprisingly, did not use competition as their benchmark. Instead, they follow a different strategic logic called value innovation, not focusing on defeating competitors, but companies focus on making competition irrelevant by creating a leap in value for buyers and companies, so that they can open up new market spaces and no doubt.

Then found a third attempt by PT. that is by increasing the network of overseas partners, because with the many foreign partners of PT. Berkah Mukmin Mandiri, it can promote coffee for its foreign partners, it really helps the company to open new opportunities in its coffee business. This effort is supported by the results of Bogren's research (2013) which states that networks owned by companies and individuals (personal networks) have an important role in opening new business opportunities, because in building the network someone and company must have special treatment for other parties. So that it can provide a positive impact on the business by utilizing the personal network.

Then it was also found that PT. Berkah Mukmin Mandiri, it also established business communication between organizations to strengthen its partnership network, so that it could help to penetrate the coffee export market. then also PT. need to establish communication with the leaders of large companies in order to establish good relationships with company leaders in order to optimize resource management of PT. Berkah Mukmin Mandiri in increasing the coffee export market. Where this is supported by the results of the Havensid study (2017) which states that in a business network there is a dependency between one business and another more established business. Establishing communication and networking is highly demanded in the business world when resources and experience are limited, so that an intense interaction and learning must be done. This way is one way to overcome or at least reduce the difficulty of resources and limited business experience.

PT. Berkas Mukmin Mandiri also established good relations with the government. By establishing good relations with the government, the company can be helped with promotion, awakened access to cooperation and given facilities to be able to export. As this is supported by research conducted by Jacknis et al (2011) which states that the government has a broad and diverse range of roles to encourage innovation in all economic sectors. Then Fernando et al (2018) also stated that government promotion measures such as direct incentives and bilateral agreements to support internationalization can accelerate through their influence on strategic motives for international

Then PT. Berkas Mukmin Mandiri, it also always increases the added value of its coffee products, namely by processing coffee from green beans into roasting and ground coffee. Then also increase the added value of the product in terms of packaging, where now the packaging used is Stand up pouch packaging while the packaging used is using ordinary plastic, but now the packaging is already using stand up pouch or packaging that can stand. This is a step to always add value or added value to the product. this is supported by research conducted by Abel (2011) which states that many methods can be further processed to make value-added products. The majority of business people or producers interested in selling processed products or forming groups to work add value to their products. This shows the fact that the concept of value-added products and implications for the same area has been understood by many producers.

4.2. Formulating Strategies through SWOT Analysis

To formulate a strategy at PT. Berkas Mukmin Mandiri Sidoarjo, what must be done is an analysis of internal and external factors. The points of external and internal factors are obtained based on the results of data revealed by stakeholders who have a role in increasing the coffee export market of PT. Berkas Mukmin Mandiri. These data are identified into four factors, namely strengths, weaknesses, opportunities and threats at PT. Berkas Mukmin Mandiri. After identifying these four factors an external matrix and an external matrix are formed for analysis. The following is a matrix of internal factors.

Internal Strategy Factors	Weight*	Rating*	Score*
Strengths:			
1. Coffee has its own taste	0,20	3	0,60
2. Aggressive stakeholder personnel in promotion	0,25	4	1,00
3. Always increase added value on the product	0,15	3	0,45
4. Having good relations with the government and fellow entrepreneurs	0,15	3	0,45
Sub Total*	0,75		2,50
Weaknesses:			
1. Distribution of internal tasks for export affairs	0,12	2	0,24
2. Lack of HR as a global market observer	0,08	2	0,16
3. Don't have a cafe outlet yet	0,05	2	0,10
Sub-Total*	0,25		0,50
Total*	1,00		2,00

Table 1: Internal Factor Matrix

Then the following for the external factor matrix are:

External Strategy Factors	Weight*	Rating*	Score*
Opportunity:			
1. Open access to export markets such as Australia and America	0,25	4	1,00
2. Get support and facilities from the government	0,15	3	0,45
3. Increasing the amount of world coffee consumption	0,15	2	0,30
4. Many export partner networks	0,20	4	0,80
Sub Total*	0,63		2,55
Threat:			
1. Less raw material supply	0,10	1	0,10
2. Different regulations in each destination country	0,12	2	0,24
3. Convolutated government rules	0,15	2	0,30
Sub Total*	0,37		0,64
Total*	1,00		1,91

Table 2: Matrix of External Factors

4.2.1. Information

- Weight reflects the level of urgency of these factors among other factors determined by the joint researcher commissioner and marketing leader of PT. Berkah Mukmin Mandiri.
- Rating reflects the influence of factors on the condition of the company determined by the researcher based on the data obtained with supporting data.
- The score reflects the result of the weighted number multiplied by the rating.
- Total reflects the sum of the numbers of each sub-total, for subtotal weights added and for subtotal scores reduced.

From the matrix of internal factors above, it is known that the strength factor possessed by PT. Berkah Mukmin Mandiri, the coffee has its own taste, aggressive stakeholder personnel in promotion, always increases added value to the product and has good relations with the government and fellow entrepreneurs and weaknesses include the division of internal tasks for export affairs, lack of human resources as observers of global markets and do not have a cafe outlet.

While from the external factor matrix it is known that the opportunity factor for PT. Berkah Mukmin Mandiri includes the opening of access to export markets such as Australia and America, obtaining support and facilities from the government, increasing the amount of world coffee consumption and many export partner networks. Then the threat factors include the lack of raw material supply, different regulations in each of the export destination countries and convoluted government regulations.

4.2.2. SWOT Analysis

From the results of the previous Efas table analysis, it shows that the opportunity factor of PT. Berkah Mukmin Mandiri has a score of 2.55 and the threat factor has a score of 0.64 so that the difference in score (+) 1.91. Then for Ifas table shows that the strength factor has a score of 2.50 and the weakness factor has a score of 0.50 so that the difference in score (+) 2.00. Thus, the coordinates of the SWOT matrix can be determined is 1.91 and 2.00. So that when drawn on the SWOT diagram are as follows:

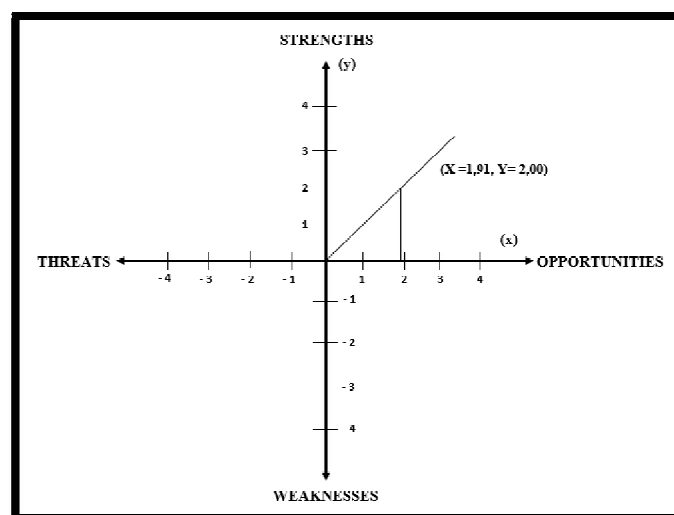


Figure 2: SWOT Diagram

Based on Figure 2 above, it can be seen that the right strategy in increasing the coffee export market of PT. Berkah Mukmin Mandiri is a SO strategy (Strength - Opportunity). This means that the strategy in increasing the coffee export market of PT. Thanks to the Independent Believer, what can be done is to use force as a tool to seize opportunities. The identified aspects of strength indicate that the strength factor possessed by PT. Berkah Mukmin Mandiri includes 1) the coffee has its own taste, 2) stakeholder personnel who are aggressive in promotion, 3) always increase added value to the product and 4) have good relations with the government and fellow entrepreneurs. By using these four forces, the opportunities to be utilized include: 1) opening up of export market access such as Australia and America, getting support and facilities from the government, 2) increasing the amount of world coffee consumption and 3) many export partner networks. So that the SO strategy that can be formulated is 1) optimizing production and marketing capabilities by utilizing open export market access and 2) maximizing export marketing by utilizing government facilities and export partner networks.

5. Conclusion

Based on the research findings and discussion above, there are a number of conclusions. First, coffee exported by PT. Berkah Mukmin Mandiri is coffee that is read by prayer first by the santri and kiyai, or commonly called kopi do'a. Then some of PT. Berkah Mukmin Mandiri, prayer coffee can penetrate the export market, which is to use sharia principles as a working system, implement a blue ocean strategy to capture new markets, expand overseas partner networks, establish business communication between organizations, establish good relations with the government and always improve added value products. Second, the right strategy in increasing the coffee export market of PT. Berkah Mukmin Mandiri is a SO strategy (Strength - Opportunity). This means that the strategy in increasing the coffee export market of PT. Berkah

Mukmin Mandiri, what can be done is to use force as a tool to seize opportunities. The identified aspects of strength indicate that the strength factor possessed by PT. Berkas Mukmin Mandiri includes 1) the coffee has its own taste, 2) stakeholder personnel who are aggressive in promotion, 3) always increase added value to the product and 4) have good relations with the government and fellow entrepreneurs. By using these four forces, the opportunities to be utilized include: 1) opening up of export market access such as Australia and America, getting support and facilities from the government, 2) increasing the amount of world coffee consumption and 3) many export partner networks. So that the SO (Strength - Opportunity) strategy that is formulated is 1) optimizing production and marketing capabilities by utilizing open export market access and 2) maximizing export marketing by utilizing government facilities and export partner networks.

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