



Strategy of Export Competitiveness Enhancement on Cashew Nut Commodity

Elys Fauziyah^{1✉}, Aniyatussholihah², Dwi Ratna Hidayati³

^{1,2,3}Department of Agribusiness, Universitas Trunojoyo Madura

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Abstract

Plantation is one of sub sector in agriculture with strategic role and contribution in the Indonesian economic. One of those commodities is cashew nuts. This research aimed to analyze competitiveness of cashew nuts in the international market, to identify factors affecting cashew nuts competitiveness, and to formulate strategy in enhancing cashew nuts competitiveness. The research method used was RCA, ISP, ECI and SWOT. Research result showed that RCA value showed that Indonesian cashew nuts is comparative disadvantage, but Indonesia is as exporter by seeing ISP value, and market share of Indonesian cashew nuts based on ECI value. However Indonesia tends to be exporter country and have good market share. Strategy of export competitiveness on cashew nuts can be applied by extending trade cooperation by joining and taking active role in the world trade organization, increasing cashew nuts productivity and socialization of information about international market of cashew nuts about international market of cashew nuts, exporting procedures, cashew nuts export, import policies, and other rules related to transaction of cashew nuts export-import to all stakeholders.

Key words : Cashew Nuts, Competitiveness, SWOT Analysis

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✉ Corresponding author :
Address: Jl. Raya Telang, Kecamatan Kamal, Bangkalan,
Madura 69162 Indonesia
E-mail: fauziyah@trunojoyo.ac.id

INTRODUCTION

Indonesia is known as tropical country producing various plantation commodities such as rubber, cocoa, coffee, cashew nuts, etc. Some commodities have been traded in international market and becoming one of national income. Export activity has an increasing value annually, although the physical volume tends to be fluctuative as shown in Table 1. One of Indonesian plantation commodity that had entered international market is cashew nuts. Indonesia is sixth cashew nuts producer after Brazil, Cote d'Ivoire, Nigeria, India, and Vietnam (ITC, 2012). Export of cashew nuts value in Indonesia every year is about 75.000 million dollars (Direktorat Jenderal Perkebunan, 2015). Meanwhile world consumption value of cashew nuts reached 2.400.000 tonne per year.

Therefore, Indonesia is only able to fulfill consumption of cashew nuts as much as 2.5% of total of world cashew nuts demand (Direktorat Jenderal Perkebunan RI, 2012). One of the cause of Indonesia low contribution to the fulfillment of cashew nuts is decreasing on production of cashew nuts (Amir, 2013) during last five years (Table 2). This happened as the result of extreme weather occurrence in recent years and lack of rejuvenation on cashew nuts trees over the 30 years (Direktorat Jenderal Perkebunan RI, 2012). In the other hand, agricultural farmlands in Indonesia has suitable characteristic for growing cashew nuts. By seeing huge world demand on cashew nuts, and potency of Indonesia, then there is opportunity to enhance foreign exchange gains through cashew nuts export by paying attention on determinant factors of cashew nuts competitiveness.

Table 1. Export Contribution on Plantation Sub Sector 2013-2016

	2013	2014	2015	2016
Volume (Kg)				
Export	32,542,147,267	35,029,750,557	39,230,766,053	34,627,891,396
Import	4,501,403,245	4,120,635,765	4,449,306,872	5,889,838,387
Balance	28,040,744,022	30,909,114,792	34,781,459,181	28,738,053,009
Value (US\$)				
Export	29,500,837,386	29,763,850,635	26,850,902,207	25,575,270,153
Import	4,242,379,539	4,093,355,223	3,307,427,042	4,376,337,101
Balance	25,258,457,847	25,670,495,412	23,543,475,165	21,198,933,052

Source: Directorate General of Plantation, 2017

Table 2. Production of Cashew Nuts in Indonesia (Tonne) The Year of 2010-2014

Province	Year				
	2010	2011	2012	2013	2014
Central Java	8.678	8.924	8.099	8.665	8.665
East Java	13.554	14.51	10.492	12.361	13.175
Bali	5.943	4.956	3.761	3.592	3.508
NTB	16.426	15.499	11.855	12.964	13.22
NTT	44.429	42.018	47.918	47.573	52.553
Central Sulawesi	3.682	4.088	2.973	3.455	4.311
South Sulawesi	25.523	24.441	20.794	16.978	18.127
South East Sulawesi	36.868	30.983	15.851	14.359	12.031
Maluku	2.632	1.238	1.423	1.439	1.433
North Maluku	2.455	1.31	1.423	1.324	1.282
Total	160.19	147.967	124.589	122.710	128.305

Source: Directorate General of Plantation, 2017

Each export activitiy should pay attention on both quality and quantity of exported commodity as there are many countries trading similar commodity in the international market. Therefore, exported commodity suppose to have strong competitiveness. According to Amir (2013), there are three issues to be paid attention in the exporting activity for resulting strong competitiveness namely: 1) lower commodity price than competitors, or lower production cost than targeted country, 2) quality standards as consumer requirements, and 3) delivery time as the existing situation and condition of targeted country. Meanwhile (Mudjayaw, 2008) and (Sarwono and Pratama, 2014) mentioned that export competitiveness is affected by productivity, export value and price. Further, research of Krisna and Kesumajaya (2013) and (Bowo, Nurhayati and Imleesh, 2016) stated 3 factors determining competitiveness namely volume, exchange rate and GDP of imported country, similarly mentioned by (Fernando, 2009) and (Hafiz et al., 2011). Generally, Tambunan, (2001), stated that factors affecting competitiveness of export commodity of a country is grouped into 2 categories is exogenous factor that cannot be controlled consists of exchange rate, foreign price, foreign funding, population and foreign demand and endogenous factor consists of human resource, technology and inovation capability at the company level, raw materials (quality and price), infrastructure and logistic (quantity and quality), capital goods, quality and price, information availability and specific export policy.

Based on this, then purpose of research is to: analyze competitiveness of cashew nuts of Indonesia in the international market, to identify factors affecting cashew

nuts competitiveness and to formulate strategy of cashew nuts competitiveness of Indonesia.

RESEARCH METHOD

Data being used was secondary data gained from Statistical Board, Agricultural Ministry, and other sources related to cashew nuts plantation. Secondary data being used was ranged for five years (2010-2014). Data needed to analyze competitiveness consists of: production, productivity, domestic price, exchange value, export value and import value of Indonesian cashew nuts.

Method being used to analyze is RCA (Revealed Comparative Advantage), ISP (Indeks Spesialisasi Perdagangan), and ECI (Export Competitiveness Index).

$$RCA_c = \frac{X_c/X_t}{X_c/X_{wt}} \dots \dots \dots (1)$$

Where :

RCA_c : Comparative value of Indonesian cashew nuts

X_c : Export value of Indonesian cashew nuts at certain year

X_{ct} : Total export value of Indonesian commodity at certain year

X_{wc} : World export of cashew nuts at certain year

X_{wt} : Total world export value of commodity at certain year

Competitiveness Value of commodity has two possibilities, namely:

Criteria of decision taking $RCA_c > 1$, then competitiveness (comparative advantage) of cashew nuts is strong, $RCA_c < 1$, then competitiveness (comparative advantage) of cashew nuts is weak, RCA Index is comparison between current RCA value with

RCA value on previous year. Formula of RCA index is as follows:

$$RCA\ index = RCA_t / RCA_{t-1} \dots\dots\dots(2)$$

Where :

RCA_t : RCA value of cashew nuts of current year

RCA_{t-1} : RCA value of cashew nuts of previous year

t : 2010, 2011, 2012, 2013, 2014

$$ISP_c = \frac{(X_c - M_c)}{(X_c + M_c)} \dots\dots\dots(3)$$

Where :

ISP_c : Specialization Index of Cashew Nuts Trade

X_c : Export value of cashew nuts

M_c : Import value of cashew nuts

Criteria of decision taking:

- If ISP is positive, then Indonesia tends to be exporter country of cashew nuts
- If ISP is negative, then Indonesia tends to be importer of cashew nuts

$$ECI_c = \frac{(X_c/X_w)_t}{(X_c/X_w)_{t-1}} \dots\dots\dots(4)$$

Where :

ECI_c : Export Competitiveness Index of cashew nuts

X_c : Export value of Indonesian cashew nuts in running period

X_w : Value export of world cashew nuts in running period

t : running period

t-1 : previous period

Criteria of decision taking: If the value close to or higher than 1 means that Indonesia has an export market share for cashew nuts with strong competitiveness. If the value is smaller than 0 or close to -1 means that there is other country that seize the export market share of Indonesian cashew nuts or in other

word is decrease of market share and weak competitiveness of cashew nuts.

Identification on factors affecting competitiveness of cashew nuts, is done by using comparison method of existing theories with the real condition in Indonesia. Meanwhile in order to formulate strategy of cashew nuts competitiveness in Indonesia used SWOT analysis (Fredy, 2004). SWOT analysis data was obtained by questionnaire distribution to three respondents that considered to be expert on cashew nuts plantation sector namely Plantation Agency of East Java Province, Industrial and Trade Agency of East Java province and One researcher expertise on Plantation in Indonesia. Choice of these institutions was based on purpose by consideration that East Java has been as third biggest of cashew nuts production in Indonesia (Direktorat Jenderal Perkebunan, 2015)

RESULTS AND DISCUSSION

Competitiveness of Indonesian cashew nuts RCA analysis for Indonesian cashew nuts in the world export market will shows capability of Indonesia in competing with other country, or in other word RCA value of cashew nuts can be defined as competing capability of Indonesian cashew nuts with other country in international market. Competitiveness of Indonesian cashew nuts is shown by Table RCA value showed that Indonesian cashew nuts is comparative disadvantage, but Indonesia is as exporter by seeing ISP value, and market share of Indonesian cashew nuts based on Eci value. Small value of RCA was caused by very small market share of Indonesian cashew nuts in

international market, namely less than 1% of total number of cashew nuts commodity in world market. Most of world cashew nuts market dominated by India, Vietnam, Nigeria, Cote d'Ivoire and Brazil. Small market share of cashew nut Indonesia happened due to low production. According to Hadad, Daras and Wahyudi (2007), low production of Indonesian cashew nuts is caused by unproper location for cashew nuts growing place, most of cashew nuts trees are planted in less supporting location. Meanwhile cashew nuts is ideally planted into hot area with sandy light soil. In addition maintenance of cashew nuts trees has not maximum yet. This is suitable with explanation of Ferto and Hubbard (2002), that competitiveness of agriculture commodity is highly affected by environmental factor that it may cause unstable competitiveness. This statement is reinforced by research result of Şahin Li, (2013), that comparative advantage of product depends on environmental factor. Environment that supports farming will encourage the increase of productivity. High ISP value was caused by cashew nuts commodity that always under excess supply, therefore Indonesia can export the commodity. ISP value also shows that grow of cashew nuts trade in international market. ISP value of cashew nuts in the year of 2010-

2014 is around 0.91. Based on this value, Indonesia is included into maturity phase on the trade of cashew nuts in the international market. Therefore Indonesia is included as a net exporter country, which means that exporter has already in the phase of standarization of technology application in the production process. Based on theory mentioned by Tambunan (2001), steps of cashew nuts trade in Indonesia is in the maturity phase. Indonesia can compete with the competitor in the international and able to fullfill export standard for cashew nuts commodity. In the year of 2013, ISP value decrease drastically that caused by import value of cashew nuts increase as much as five times from previous year and it imbalance with the increase of cashew nuts export. However, it is still in the positive value range. This shows that cashew nuts export of Indonesia is still dominant compared to import value. Positive ECI value that close to one and higher than one, showed that market share of Indonesian cashew nuts is very strong because export value of cashew nuts always increase (BPS, 2015), due to extention of export of cashew nuts to Vietnam, United Kingdom, Brazil, and Japan (Direktorat Jenderal Perkebunan, 2015). Therefore, eventhough cashew nuts of Indonesia is included as comparative disanvantage but still being interested by importer countries.

Table 3. Competitiveness of Indonesian Cashew Nuts

Year	RCA	RCA Index	ISP	ECI
2010	0.05	-	0.96	0.80
2011	0.08	1.60	0.91	1.37
2012	0.09	1.13	0.91	0.71
2013	0.06	0.67	0.63	0.79
2014	0.08	1.33	0.91	1.37

Source: data processed

This is as Dominick, (1997), that eventhough a country has comparative

disadvantage compared to other country but there is still basis to do profitable trade and export commodity and importing other commodity.

Factors affecting competitiveness At the firm, or micro-economic, level there exists a reasonably clear and straightforward understanding of the notion of competitiveness based on the capacity of firms to compete, to grow, and to be profitable. At this level, competitiveness resides in the ability of firms to consistently and profitably produce products that meet the requirements of an open market in terms of price, quality, etc.

Any firm must meet these requirements if it is to remain in business, and the more competitive a firm relative to its rivals the greater will be its ability to gain market share. Conversely, uncompetitive firms will find their market share decline, and ultimately any firm that remains uncompetitive – unless it is provided by some ‘artificial’ support or protection – will go out of business (Martin, , 2015). Determination of cashew nuts competitiveness can be done quantitatively by measuring export and import of cashew nuts. However, export and import value actually determined by various factors. Han, Wen and Kant (2009), said that there were many factors influence product competitiveness i.e unfavorable macroeconomic circumstances such as rising cost, shrinking international demand, technology gap and escalating trade barriers.

According to Tambunan (2001), factors determining competitiveness is categorized into 2 main groups namely exogenous and endogenous.

Domestic Price of Indonesian cashew nuts, If domestic price of Indonesian cashew nuts is high, then volume of export will decrease because producer will put more interest on selling products in domestic. Domestic price in Indonesia ranged between Rp 47.500,000 up to 73.475,000 per kilos. This price is higher compared to world price. Competitiveness of cashew nuts is still weak due to high domestic price and impact on volume of low export. As the matter of fact, this situation can be explained in Table 4. Based on the table, if domestic price is high, then the export volume decrease, and reversely. This research result is similar to conclusion of Fernando (2009), about competitiveness of Indonesian corn. If domestic price of corn is high, then export volume of corn get lower and impacted on competitiveness of corn Government Policy of Targeted Country of Cashew Nuts Export Policy/ rules of importing countries for cashew nuts will affect amount of demand on cashew nuts.

This condition is out of control of Indonesia. There is American policy to reduce import of nuts up to 40% in order to protect American farmers that impacted on amount of Indonesian cashew nuts export to the country (Malian, 2004).

Table 4. Domestic Price and Export Volume of Indonesian Cashew Nuts The Year 2011-2014

Year	Domestic Price (US \$)	Export Volume (thousand ton)
2011	6,25	68,8
2012	7,70	45,6
2013	8,23	46,1
2014	7,87	62,6

Source: Directorate General of Plantation, 2015

This policy happened in 2011, in which volume of cashew nuts import decrease as much as 367 tonnes compared to 2010, eventhough the income and population increased (Table 5).

Foreign income is related to the available budgets. Huge budget on a country will leads to increase of import volume. If there is an income increase on importer country of Indonesian cashew nuts, then import amount from Indonesia will increase either as shown in Table 5. It described that increase of Indonesian cashew nuts into India, Australia, Netherland, Turkey, and Malaysia is inline with increase of GDP of the country. This result is as reserach of an Chintia (2008) and Krisna and Kesumajaya (2013), mentioned that GDP of importer country is one of factors affecting demand of a commodity.

Population of a country affects demand of a commodity. More population of importer country will increase more demands of Indonesian cashew nuts. Table 5 explained

parallel relation between export of cashew nuts with the increase of Indonesian cashew nuts importer country population. As supported by result of Apridar (2009), that population has positive correlation to demand increase.

Based on export volume of Indonesian cashew nuts to importer country, increase of population that does not impact on import volume happened to America and Vietnam. This is because America had a big debt and low GDP grow as the result of global crisis in 2008 (News, 2017). Therefore America decided to decrease import volume of Indonesian cashew nuts. Meanwhile Vietnam is cashew nut producer, so the increase of population and GDP does not increase import volume of Indonesian cashew nuts. Even Vietnam cashew nuts export tends to decrease. Reverse situation exists in India India, Turki, Malaysia, Australia, and Netherland. Those countries increased Indonesian cashew nuts import by significant number inline with population of the country.

Table 5. Gross Domestic Income, Population and Volume of Indonesian Cashew Nuts Based on Exporting Country Destination 2010-2011

Country	Year	GDP (US \$ million dollar)	Population (persons)	Export (tonne)	Volume
USA	2010	14.586.736	309.326.225	1.039	
	2011	15.060.000	311.587.816	672	
India	2010	1.727.111	1.205.624.648	15.585	
	2011	1.843.000	1.221.156.319	30.291	
Australia	2010	1.131.623	22.065.300	293	
	2011	1.507.000	22.323.900	327	
Netherland	2010	779.356	16.615.394	15	
	2011	858.300	16.693.074	1.506	
Turkey	2010	734.364	72.137.546	0	
	2011	763.100	73.058.638	715	
Malaysia	2010	237.797	28.275.835	0	
	2011	247.600	28.758.968	202	
Vietnam	2010	106.427	86.932.500	26.934	
	2011	121.600	87.840.000	13.126	

Source: World Bank, 2012a

Endogenous Factor there are Technical Innovation is a key factor in the competitiveness and profitability of companies and is therefore an essential element of business strategy. Thus, innovation allows the company to have a competitive advantage in terms of cost or product offering. When the innovation affects production processes, it gives the company an advantage in terms of cost (Hchaichi and Ghodbane, 2014). On the others side, Temple *et al.*, (2011), said that technical innovation as a process that distinguishes an invention, e.g., a technique, a type of organization, or a hybrid, that can be developed by a farmer, a researcher, or an organization within the sector. An innovation is embodied by the invention's integration into a productive system. This integration may or may not be supported by non-farmers, such as managers, researchers, etc.

The innovations that activate a gradual intensification making use of knowledge about socioeconomic conditions and multiplication processes also mobilize productivity reserves in the field of food agriculture without using the conventional models of the industrialization of production. According to Apridar (2009), technology is unique production factor because it affects both quantity and quality of result commodity. Utilization of an efficient technology on cashew nut farm will support the improvement of cashew nuts quality resulted by farmer. The technology can be leaf remover tool, harvesting tool, cultivation technology and nut crusher machine used by farmer. Nut crusher tool used by farmer is still traditional, wooden made and old, therefore mostly cashew nuts resulted is damaged. This condition affects exporting of Indonesian cashew nuts. By adequate technology, then quality standard of export will be fulfilled in optimum. Information is main thing to be gained before trade activity.

Information gained by cashew nuts farmer that related to price, market condition and consumer needs are estimated to be indirectly affects competitiveness of Indonesian cashew nuts export. Indonesian Ministry of Agriculture had made socialization of the information concerning with international market of cashew nuts, export procedures of cashew nuts, policies for importer country and other rules related to export transaction of cashew nuts export-import to all trading stakeholders. These activity are expected to be able to encourage export of Indonesian cashew nuts.

Natural resources is important factor in farming. Factors that affects on success of farm are upstream sector and farm cultivation sector. Natural resources that affects cashew nuts are weather and soil type. If Indonesia has longer rainy season than dry season then production of cashew nuts will decrease and the productivity get lower as well. Based on interview with researcher of cashew nuts in University of Trunojoyo Madura (2015), fail on harvesting during long rainy season is caused by fail of pollination, meanwhile cashew nut tree is sun-dependend a lot. Cashew nut tree is also suitable to be growth on sandy land, because soil line is deeper and does not keep more water inside. This is inline with reserach of Bano and Scrimgeour (2012), about kiwi export in Newzealand. Export Policy is to encourage supply of Indonesian cashew nuts. One of policy in order to support increase of Indonesian cashew nuts supply is by the stipulation of President Regulation Number 31 The Year of 2009, about Geographical Protection on Producer for Plantation Product by Specific Location. The Rule is made by the purpose to extend plantation area legalized by law so that the process of cashew nuts supply increase meets no obstacle (Malian, 2004).

Table 6. Result of Assessment of Expert on External Factor that Affects Competitiveness of Cashew Nuts Indonesia

No	Item	Weight	Rate	Score
Opportunity				
1.	Increase of cashew nut demands in international market.	0,13	2,67	0,36
2.	There is more derivative product on cashew nuts base for industry.	0,13	1,67	0,21
3.	Utilization of effective technology for farm activity (from upstream to downstream).	0,09	2,00	0,19
4.	Development of central production for cashew nuts.	0,12	2,33	0,28
Total				1,04
Threat				
1.	Price is affected by dollar exchange rate.	0,11	-1,67	-0,19
2.	Export value depends on demand of importer country.	0,06	-2,33	-0,38
3.	Competitor of cashew nuts exporter from other country.	0,10	-2,00	-0,20
4.	Poor information network for development of cashew nut commodity.	0,15	-3,67	-0,55
Total		1,00		-1,31

Source: data processed

Identification of external factor that affects export competitiveness on cashew nuts can be explained as following table 6. In the table can be seen that biggest opportunity in the increase of export competitiveness for cashew nuts in international market. (as much as 36%). In addition, development of cashew nuts central production. (28%), there are many derivative product that needs cashew nuts for industry (21%), and utilization of adequate

effective technology for farm (upstream to downstream) (19%). Meanwhile, biggest threat for Indonesia cashew nuts is poor information network for development of cashew nuts commodity (55%), export value of cashew nuts depends on demand of importer country of cashew nuts (38%), there is competitor country for cashew nuts (20%), and price that affected by dollar exchange rate (as much as 19%).

Table 7. Result of Assessment on Internal factor that Affects Competitiveness of Cashew Nuts

Indonesia				
No	Item	Weight	Rate	Score
Strength				
1.	Land type of Indonesia that suitable for cahsew nuts cultivation.	0,14	3,33	0,46
2.	There is trade cooperation with cashew nuts competitor countries.	0,15	2,67	0,41
3.	Cultivation of cashew nuts is under improvement.	0,10	3,33	0,35
4.	There is periodical development for cashew nuts commodity.	0,12	2,00	0,23
Total				1,45
Weakness				
1.	Cultivation method has not paid attention on productive age of cashew nuts tree.	0,12	-2,00	-0,25
2.	Low percentage of export value of Indonesian cashew nuts.	0,14	-2,00	-0,28
3.	Handling of post harvesting cashew nuts that has not under export quality standard.	0,13	-3,33	-0,42
4.	Uncertain climate condition.	0,10	-2,00	-0,20
Total				-1,15

Source: data processed

Based on internal factor analysis for strength owned by Indonesia that affects cashew nuts competitiveness, there is soil type that suitable for cashew nuts competitiveness (as much as 46%), there is trade cooperation with export competitor of cashew nuts (41%), cultivation of cashew nuts tree is still under improvement process (35%), and there is periodical development for cashew nuts

commodity (23%). Meanwhile there are weaknesses that consist of handling for post harvesting of cashew nuts that has not been under export quality yet (as much as 42%), low percentage of export value of Indonesian cashew nuts (as much as 28%), unproper cultivation application on cashew nuts (25%) and uncertain climate condition of Indonesia (20%).

Tabel 8. SWOT Analysis

<p style="text-align: center;">Internal</p>	<p><i>Strength:</i> Land type of Indonesia that suitable for cashew nuts cultivation There is trade cooperation with cashew nuts competitor countries, Cultivation of cashew nuts is under improvement, There is periodical development for cashew nuts commodity.</p>	<p><i>Weakness:</i> Cultivation method has not paid attention on productive age of cashew nuts tree. Low percentage of export value of Indonesian cashew nuts, Handling of post harvesting cashew nuts that has not under export quality standard, Uncertain climate condition.</p>
<p style="text-align: center;">External</p> <p><i>Opportunity:</i> Increase of cashew nut demands in international market, More derivative product on cashew nuts base for industry, Utilization of effective technology for on farm activity (from upstream to downstream), Development of central production for cashew nuts.</p>	<p><i>Strategy S-O</i> Extention of export market share of Indonesian cashew nuts Intensification of cashew nuts development.</p>	<p><i>Strategy W-O</i> Improvement of cashew nuts farm pattern. Product diversification of export for cashew nuts Indonesia Policy Alignment that can be seen from trade and plantation</p>
<p><i>Threat:</i> Price is affected by dollar exchange rate, Export value depends on demand of importer country, Competitor of cashew nuts exporter from other country, Poor information network for development of cashew nut commodity.</p>	<p><i>Strategy S-T</i> Adding cooperation partner of cashew nuts with competitor Information and market network extention</p>	<p><i>Strategy W-T</i> Export quality standarization of cashew nuts with competitor base Increase cashew nuts production</p>

Based on SWOT analysis, there are strategies to increase competitiveness of Indonesian cashew nuts export. Several strategies to increase competitiveness of cashew nuts Indonesia. First strategy, Extention of export market share of Indonesian cashew nuts.

Extention of market share is highly possible to be applied due to market opportunity on external factor for an increase of cashew nut demands in the international market, moreover there are many derivative products created on cashew nuts basec in the industry. It is supported by internal strength

that there is periodical development program for cashew nuts commodity.

This helped market extention for product providing and adding of cooperation partner on trade. This is as mentioned by Sahaya and Arto (2012), that international cooperation is needed in order to increase. According Dlamini, Kirsten and Masuku (2014), in his research about Factors Affecting the Competitiveness of the Agribusiness Sector, there are few strategies to increase competitiveness agribusiness sector such as : (a) Other markets be explored in order to expand the export base, which could be carried out through product diversification; (b) Enhance investment opportunities and FDI that are necessary for competitiveness success; (c) Provision of processing facilities, roads, research institutions and land are necessary for increased production, expanding to value addition and innovation of products.

Second strategy, intensification of cashew nuts development. Increase of cashew nuts competitiveness can be started from upstream improvement namely land preparation. Indonesia is a maritime country with numerous of islands. Cashew nuts grow well in the area consisting of sandy land and much sun light exposure. Such area exists in Nusa Tenggara Timur. This island is as first producer of cashew nuts in latest five years (Direktorat Jenderal Perkebunan RI, 2012). Cashew nuts trees has productive age ranged on 25-30 tahun. On farm cashew nuts process does not needs too many treatment because it is included as annual crop. Routine pruning and rejuvenation could help increasing cashew nuts production. At downstream sector, post harvesting needs to be improved due to quality. Thick cashew nuts skin peeling hardly results undamaged nut. Utilization of effective technology is expected to result

perfect nuts during peeling process. This is supported by external opportunity that there is adequate dand effective utilization technology for farm activity (upstream to downstream).

Third strategy, increase of cashew nuts export through product diversification. Ritossa and Bulgacov (2009) said that Agroindustrialization carried out exclusively does not appear to produce the same results as those achieved in internationalization strategies which combine commodities with added value products. There are indications that the combined arrangement provides higher revenues to agricultural cooperatives and better technical and operational conditions to tackle the opportunities that offer internationalization and diversification. There are many things can be harvested from cashew nuts tree such as cashew apples, logs, leaves, stem and roots. However export of products held by Indonesia is only cashew nuts. Skin of cashew nuts actually has high export adding value if it is further to be processed e into oil (CNSL (*Cashew nuts shell liquid*) and dregs) (Zaubin, Suryadi and Yuhono, 2004). Meanwhile, cashew apple can also results more adding value product as Mulyono, Bakar and Sumangat (2013), said that various processing on cashew apples can result various products such as: fruit juice (clear juice, turbid juices, jices with CO₂ content, wine, vinegar, jelly *nata de cashew*), jam, paste, canned fruit, wet or dried candied, pickle, chutney, pemican, and pets food.

Fourth strategy, adding cooperation partner of cashew nuts with competitor. Adding partner of trade cooperation will help the program of market share on export. This adding aimed to extend marketing network of cashew nuts. One of the purpose is by taking active role in international organization such as UNCTAD (*United Nations Commission on*

Trade and Development), ASEM (*Asia-Europe Meeting*), APEC (*Asia-Pacific Economic Cooperation*) and AFTA (*ASEAN Free Trade Area*).

Fifth strategy, information and market network extension. Freihart (2012), studied about *The Role of Marketing Information System in Marketing Decision-Making*. He said that Marketing information is the lifeblood of marketing process, marketing decision won't be taken in the absence of marketing information. Marketing decisions are affected by many internal and external environmental variables, so the marketing decision maker needs a great deal of information related to these variables, to predict their directions and their expected effects on the internal activities of the organization and the market, in order to make the rational marketing decisions in an uncertainty environment facing the marketing administration.

The marketing success in the organization depends basically on the availability and the accuracy of marketing information from its multiple sources. In order All marketing organizations trying to find out and determine the nature of the markets and their trends, needs and changes that occur in these markets, as well as trying to know the competitors, prices, options and other marketing information which is the key to success for any marketing decision. Farm Development by following modern technology in order to adjust export domestic demand of cashew nuts with quality of competitor.

This will be useful for decreasing consumer complain about the product. Up date of market information is also one of strategy for price determination. Information

of exchange rate and world demand of cashew nuts will support trade gains.

Sixth strategy, export quality standardization of cashew nuts. Determination of export quality is expected to maintain and support position of Indonesian cashew nuts in international market. Quality is one of items that affects demand, therefore this strategy is needed due to weaknesses on export of cashew nuts competitiveness is standard expected by importer country.

CONCLUSION

Increase of Indonesian cashew nuts competitiveness can be done by increase of export number through: (1) Extending trade cooperation by joining and taking active role in the world trade organization. More cooperation partner will leads to more importing country for Indonesian cashew nuts. (2) Increase the productivity of cashew nuts through rejuvenation trees over 20 years and conduct extensification to dry lands that agronomically suitable for cashew nuts grow. (3) Increase the socialization of information about international market of cashew nuts, exporting procedures, cashew nuts export, import policies, and other rules related to transaction of cashew nuts export-import to all stakeholders (4) In the future research, it is important to find out Indonesian competitive advantage compared to other producer countries in the international market. Besides, it is also important to conduct research concerning with strategy being applied by best cashew nuts exporter country to further be used as benchmark of cashew nuts development in Indonesia.

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