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Agribusiness-Based Tobacco Business Development Strategy

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Abstract

This research was carried out in Lilirilau District, Soppeng Regency from December 2023 to February 2024. This research aims to identify the obstacles faced by tobacco farmers, and strategic programs that can be implemented for the development of Agribusiness-based tobacco farming, using the method of Interpretive Structural Modeling (ISM). Research using the ISM method does not require a large sample, so a sample of 7 people was used. This research uses primary and secondary data collection techniques and uses data collection techniques in the form of observation, interviews, questionnaires, and documentation. Data processing in research begins with editing, coding answers and processing by using Interpretive Structural Modeling (ISM). Shows that the obstacles faced by farmers in carrying out tobacco farming are price fluctuations and the shelf life of tobacco. Furthermore, there are strategic programs that need to be implemented in developing Agribusiness-based tobacco farming.

Keywords: Development strategy, tobacco, ism

A. Introduction

The tobacco products industry (IHT) in Indonesia occupies an important position, both in publicity in the public sphere and in terms of its contribution to state finances (Andi Rahman Alamsyah, 2011). In supporting and developing the competitiveness of small and medium industries (IKM) in the tobacco products sector, the government has established tobacco products industrial areas (KIHT) as regulated in Minister of Finance Regulation (PMK) number 21/PMK.04/2020 concerning Tobacco Products Industrial Areas. When this regulation was implemented, the government designated two areas as KIHT, namely Soppeng Regency, South Sulawesi and Kudus Regency, Central Java. As time goes by and based on monitoring results, these regulations are deemed unable to meet needs in the field. Therefore, the government issued new regulations regulated in PMK number 22 of 2023 concerning Agglomeration of Tobacco Products Factories which came into effect on March 14 2023 and revoked PMK number 21 of 2020 (Ministry of Finance, 2023).

Tobacco is also a seasonal agricultural product which is not a food commodity but a plantation commodity. This product is consumed not for food but as a raw material for cigarettes. The secondary metabolite content also makes it useful as a pesticide and medicinal raw material (Haryanto, 2011). Tobacco farming in South Sulawesi, specifically in Lilirilau District in Soppeng Regency, started in the 1960s with a simple management system, which took advantage of market segment opportunities, especially the lower middle class as economic support. Tobacco in Soppeng Regency, Lilirilau District, experienced a heyday from 1997-2011 due to the increase in demand after the economic crisis when people who switched to using Javanese tobacco returned

to using tobacco in Lilirilau District, Soppeng Regency. Where the price of tobacco is cheaper than tobacco from Java.

In 2008, the land area and production were the highest, reaching 300 Ha with the highest production yield of 294 tonnes. Meanwhile, in 2019 the land area reached 52.00 ha with a production output of 89.00 tonnes. Tobacco production has decreased due to competition with more strategic agricultural commodities, whereas tobacco production has decreased due to low soil fertility and unpredictable weather factors. (Soppeng Regency BPS data). Based on this description, tobacco farming has problems that hinder farmers from developing tobacco commodities. Based on the problems that the author encountered in the field, the author is now interested in conducting research on tobacco farming in Parenting Village, Soppeng Regency, especially in Lilirilau District with the research title "Agribusiness-Based Tobacco Farming Development Strategy in Perinring Village, Lilirilau District, Soppeng Regency".

B. Research Methods

This research was carried out in Perinring Village, Lilirilau District, Soppeng Regency and the research time was from November 2023 to January 2024. The research was carried out through experts using survey methods. The respondents in this research were people involved in developing tobacco farming in Lilirilau District, Soppeng Regency. The determination of respondents was carried out deliberately (purposive sampling) with the provisions of representing personnel in the relevant agencies. Based on the final result *RM*, you will get DP and D values which are useful in classifying sub-elements in the DP-D matrix. Sub-elements are classified into 4 sectors, namely:

a. Sector I: *Autonomous*, sub-elements in this sector are generally not related to the system, or the relationship is very small.
b. Sector II: *Dependent,* The sub-elements in this sector are not free, meaning that all the sub-elements in it are the result of actions on other sub-elements. Therefore, the sub-elements in this position are not important to the program.
c. Sector III: *Linkage*, the sub-elements in this sector are very important and must be studied carefully because the relationship with other sub-elements is unstable. Each action on these sub-elements will have an impact on other variables, and the feedback effect can magnify or create new impacts. In other words, every action on these sub-elements will result in success, if weak attention to these sub-elements will result in program failure.
d. Sector IV: *Independent,* The sub-elements in this sector are independent variables, meaning they are a large driving force (driver-power), where the elements and sub-elements can be considered as key factors of the system.

C. Results And Discussion

Strategies that need to be implemented in developing agribusiness-based farming in Parenting Village, Lilirilau District

ISM analysis *(Interpretive Structural Modeling)* is a collection of opinions of experts or experts when answering related elements. The elements selected in carrying out this institutional analysis are elements that play a dominant role in determining the success of objectives (Mangkunjaya, 2014). ISM is capital that describes specific relationships between variables, has a comprehensive structure and has output in the form of a graphical model in the form of quadrants and variable levels. Therefore, it can be concluded that the results of the institutional analysis using the ISM method are the elements that play a dominant role in the development of agribusiness-based tobacco farming in Parenting Village, Lilirilau District.

Research result in *Interpretive Structural Modeling* (ISM) shows strategies in developing tobacco farming in Parenring Village, Lilirilau District, showing that of the 14 sub-elements, 12 of them are programs that play an important role in the strategy for developing tobacco farming in Parenring Village, Lilirilau District and 2 of them are independent positions with the weak driving force and vice versa. And its dependence on other sub-elements is strong. Value comparison *Driver Power* (DP) and *Dependent* (D) strategies for developing tobacco farming, agribusiness-based tobacco farming in Parenting Village, Lilirilau District. The results of the ISM analysis show that of the 14 su elements there are 2 in position *Independent*. 10 are in positionLinkage*e* namely, the driving force for the program is strong and the dependence on other sub-elements is also strong. aAnd2 of them are position *dependent* where the driving force for the program is weak and vice versa and the dependence on sub-elements is strong. It can be seen in Table 19 as follows:

Table 20. Comparison of DP-D strategy weights in developing agribusiness-based tobacco farming in Parenting Village, Lilirilau District

Position	Sub Elements	Weight	
		DP	**D**
Independent	1. Improvement of Tobacco Breeding(A1)	1,00	0,42
	2. Plant Cultivation Techniques (A8)	0,85	0,5
	Rate-rate	**0,92**	**0,46**
Linkage	1. Increased Productivity(A2)	0,92	0,78
	2. Pest Control(A3)	0,92	0,71
	3. Increased Production Facilities (A9)	0,92	0,85
	4. Marketing sector development(A12)	0,92	0,85
	5. Development of Access to Capital (A4)	0,85	1,00
	6. Increasing the role of extension (A5)	0,78	0,78
	7. Increasing farmers' knowledge and skills (A7)	0,78	0,78
	8. Agricultural Technology Development (A13)	0,78	0,92
	9. Post-harvest technology development (A14)	0,78	0,85
	10. Government support/Government assistance (A6)	0,64	0,78
	Rate-rate	**0,82**	**0,82**
Dependent	1. Price Stabilization (A11)	0,5	0,92
	2. Household scale development (A10)	0,42	1,00
	Rate-rate	**0,46**	**0,96**

Value comparison *driver Power* And *dependent* The strategies that can be applied in tobacco development are depicted in diagram form and can be seen in Figure 5 as follows. The strategic position in developing tobacco farming can be seen in Figure 7 as follows:

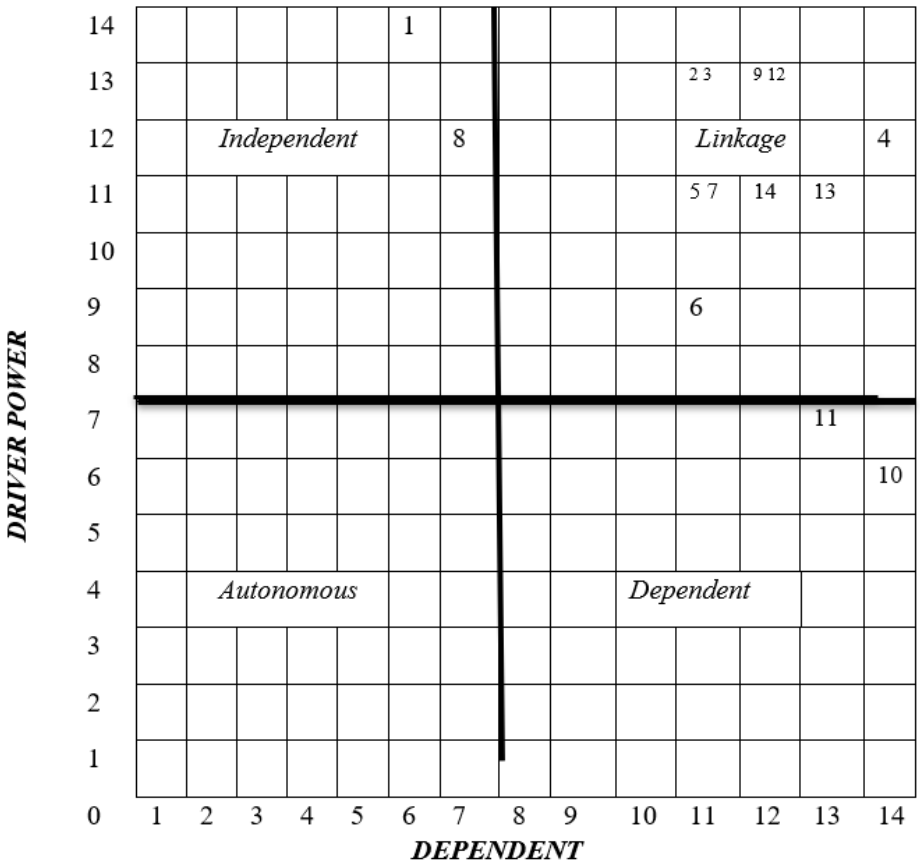

Figure 1. DP-D Matrix of strategic positions applied in developing tobacco farming

Information :
A1. Increased tobacco breeding
A2. Increased productivity
A3. Pest control
A4. Development of access to capital
A5. Increasing the role of extension
A6. Government support/Government assistance
A7. Improvement of knowledge and knowledge of farmers
A8. Plant cultivation techniques
A9. Increased production facilities
A10. Development of household-scale businesses
A11. Price stabilization
A12. Marketing sector development
A13. Development of agricultural technology
A14. Development of post-harvest technology

Obstacles Faced by Tobacco Farmers

1. Price Fluctuations. Price fluctuations are symptoms or conditions that show rises and falls in prices and so on that occur from one day or from one period to another, changes (in prices) due to the influence of demand and supply. Price fluctuations occur due to an imbalance between the quantity of tobacco supplied and the quantity of tobacco demanded by consumers. If there is an excess supply, the price of tobacco will decrease, conversely, if there is a shortage of supply, the price of tobacco will increase. The price of tobacco in Parenting Village, Lilirilau District fluctuates greatly and the price difference starts from IDR 150,000 – IDR. 400,000/16kg and now the price of tobacco is around Rp. 350,000/16kg.

2. Low Tobacco Resistance. Tobacco has low durability when the rainy season arrives because it will rot, tobacco leaves rot if the water content is high then the tobacco will rot, so rotting tobacco leaves cannot be produced so farmers experience huge losses. As is known, agricultural products from farmers, especially horticultural commodities, are prone to rotting if the water content is high or cannot last long during the rainy season. In Lilirilau District, where the harvest has already been harvested, they sometimes harvest before the rainy season arrives. This results in there still being tobacco leaves that are not ready to be harvested but must be harvested because it will be more detrimental to farmers when the rainy season arrives.
3. Number of Tobacco Buyers Declines. The number of tobacco buyers is also an obstacle for farmers in Parenting Village because when the harvest season arrives the tobacco is dry and will be sold immediately but there are no sellers so the dry tobacco must always be kept in an open space. If dry tobacco has been left in a sack for a long time, it will become damaged.

Position of the Tobacco Farming Development Strategy Program

1. Position development program Independent. The first position in the sector is independent in increasing tobacco breeding (A1) which can be seen in Figure 7, where this strategy is a priority program that must be paid attention to by the government, both the Department of Agriculture and the Department of Industry and Trade. It can be seen in Table 17 that farmers need production facilities, in this case, tobacco breeding. Efforts that can be made to increase tobacco breeding include not just one or two people carrying out tobacco breeding. The second position in the sector independent is tobacco cultivation techniques. Tobacco cultivation techniques are a very important strategy in increasing tobacco plant production because all cultivation activities are carried out, namely seeding, land processing, sowing, maintenance, planting and harvesting. Good and correct cultivation management can increase tobacco plant production in the Lilirilau District.
2. Position Development Program Linkage. The first position in the sector *Linkage* Increased productivity is the ability or carrying capacity of agricultural land to produce tobacco plants. This increase in productivity is the ability of the land to produce good crop production. It can be seen in Table 15 that the development of farming technology is needed by farmers. Of course, increasing agricultural productivity is closely related to the application of farming technology. Technology can help farmers optimize agricultural processes, increase efficiency and produce quality products.

   The second position on *Linkage* is Pest Control in the system Pest and disease control is an effort to control populations of pests and organisms that cause damage and disease to plants. Control activities are mandatory activities in plant cultivation because they can increase tobacco plant production in the Lilirilau District. The third position in *Linkage* is increasing production facilities It can be seen in Table 17 that increasing production facilities is needed because agricultural production facilities are one of the strategic programs that must be considered by the government because they play an important role in increasing tobacco production. The application of production facilities can provide good results for agriculture. Production facilities can be developed with existing knowledge. Production facilities include seeds, fertilizer, and pesticides.

   The fourth position in *Linkage* is the development of the marketing sector, where this strategy is a program that must be paid attention to by the government, both the Agricultural Department and the Industry and Trade Department. It can be seen in Table 12 that price fluctuations are an obstacle faced by farmers. The development of the marketing sector is important for the household economy.

The fifth position on *Linkage* is that developing access to capital is a very important strategy in improving tobacco farming in Lilirilau District because this access to capital can help farmers carry out farming. The sixth position is increasing extension services, which is a series of activities as facilitation of the learning process, source of information, mentoring, problem-solving, guidance, monitoring and evaluation of farmers' activities related to their role as mentors, as organizers and dynamists, as technicians and as a consultant for farmer groups in Mamminasa Deceng in Parenting Village. Agricultural instructors are parties who have direct contact with farmers, where instructors prepare, report, implement, develop and evaluate the activities of farmers, farmer groups and the like.

The seventh position, namely increasing farmers' knowledge and skills, is one of the important sectors that must be improved within the scope of farmers. It can be seen in Table 13 and Table 14 that farmers need skills from cultivation, harvesting and even post-harvest to develop the knowledge of tobacco farmers. Focused on getting maximum results from the process of cultivating tobacco plants and involving extension workers in the form of providing insight to farmers in the form of coaching, mentoring and training.

The eighth position, namely the development of farming technology, can be seen in Table 15. The development of farming technology is very much needed because it is one of the factors that determines success in farming, namely the availability of agricultural equipment, both small and large. As technology develops, modern agricultural tools are created which make it easier for farmers to process post-harvest.The ninth position, namely the development of post-harvest technology, can be seen in Table 16. The development of post-harvest technology is needed because it is an important tool in efforts to improve the quality of handling to reduce losses due to a decrease in the quality of tobacco due to unsuitable conditions or low tobacco durability during the rainy season. The tenth position is that government support or assistance is needed because it can help farmers with seeds, fertilizer, cutting machines and drying places.

3. Position Development Program dependent. The results of the ISM analysis show that two sub-elements are in the Dependent position as shown in Figure 7, namely price stabilization, and development of household-scale position-dependent industrial businesses. The first position is price stabilization which is in position *dependent* This indicates that the impetus for the development strategy is very weak but the dependence on the sub-elements is very strong because the price of tobacco often experiences drastic declines, namely IDR 150,000/16kg so that farmers experience losses. Prices are usually stable if all the existing sub-elements are positioned. I*i Independent* And *Linkage* it is repaired or upgraded.

   The second position, namely the development of household-scale industrial businesses, can be seen in Table 11, which farmers need, however, in this position there are still farmers who do not know or even know what a household-scale industrial business is, because of the lack of knowledge of farmers and the absence of guidance carried out. By the government.

Structural Model of Strategic Programs That Need to Be Implemented in the Agribusiness-Based Tobacco Farming Development Strategy in Parenting Village, Lilirilau District

Based on the results of the ISM analysis, the involvement of sub-elements in increasing tobacco plant production in Parenting Village, Lilirilau District, shows a level comparison that is by *driver weight power* largest (DP = 1.00). Sub-elements at level 1 are sub-elements with weights *driver power* the largest (DP = 1.00). The sub-elements that fall at level 1 are increasing tobacco breeding, which is at level 2, namely developing the marketing sector, pest control, increasing productivity and increasing production. The level corresponds to the analysis *Interpretative Structural Modelling* explains the levels that exist in RM (*Reachapability Matrix*). The lines from

levels 1 to 7 explain the level relationships that apply in the analysis method. There is an explanation of the sub-elements as follows:

1. At level 1, the strategies that need to be implemented in developing Agribusiness-based tobacco farming are (1) Increasing tobacco breeding with weight *driver power* (DP=1,00 dan D=0,42)
2. At level 2 there are 4 strategies, namely (1) increasing productivity with weight *driver power* (DP=0.92 and D=0.78) (2)pest control (DP=0.92 and D=0.71) (3)increasing production facilities by weight *driver power* (DP = 0.92 and D = 0.85) (4) development of the marketing sector with weight *driver power* (DP=0,98 dan D=0,85)
3. At level 3 there are 2 strategies, namely (1) developing access to capital with weights *driver power* (DP=0.85 and D=1.00) and (2) plant cultivation techniques using weights *driver power* (DP=0,85 dan D=0,5)
4. At level 4 there are 4 strategies, namely (1) increasing the role of counselling with weight *driver power* (DP=0.78 and D=0.78) (2) increase in farmer knowledge with weights *driver power (*DP=0.78 and D=0.78) (3) development of farming technology with weights *driver power* (DP=0.78 and D=0.92) (4) development of postharvest technology with weight *driver power* (DP=0,78 dan D=0,85)
5. At level 5 there is 1 strategy, namely (1) government support and assistance with weight *driver power* (DP=0,64 dan D=0,78).
6. At level 6 there is 1 strategy, namely (1) price stabilization with weights *driver power* (DP=0,5 dan D=0,92).
7. At level 7 there is 1 strategy, namely (1) developing home industry scale businesses with weight *driver power* (DP=0,42 dan D=1,00).

D. Conclusion

The results of research on agribusiness-based tobacco farming development strategies in parenting Village, Lilirilau District, Soppeng Regency using the method *Interpretative Structural Modeling* (ISM), then the following conclusions can be drawn:

1. The obstacles faced by tobacco farmers in Lilirilau District are price fluctuations, low tobacco shelf life during the rainy season and a decrease in the number of tobacco buyers.
2. Strategy programs that can be implemented in developing agribusiness-based tobacco farming are improving tobacco breeding, and plant cultivation techniques, increasing productivity, controlling pests, improving production facilities, developing the marketing sector, developing access to capital, increasing extension services, increasing farmer knowledge, and developing farming technology. , development of post-harvest technology. Among the twelve programs, there is one key program, namely increasing tobacco breeding.g

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