



# The Development Strategy of the Shallot as a Commodity Featured in OKU District

Pakhruddin, Munajat, Rini Efriyanty

Universitas Baturaja, Agricultural Faculty, Agricultural Economics Department, Oku, Indonesia

Corresponding authors: [munajat.ub@gmail.com](mailto:munajat.ub@gmail.com)

## ARTICLE INFO

### Article History:

Received: 12 January 2022

Final Revision: 19 March 2022

Accepted: 19 March 2022

Online Publication: 21 March 2022

## KEYWORDS

agricultural economy, commodity, location quotient, shallot,

## CORRESPONDING AUTHOR

\*E-mail: [munajat.ub@gmail.com](mailto:munajat.ub@gmail.com)

## ABSTRACT

Shallot is the one commodity vegetable featured long been cultivated by farmers in Indonesia. Shallot is also the main commodity in the prioritized development of vegetable lowlands in Indonesia in addition to the already hundreds of years cultivated, as well as is one of the sources of income of farmers and the country's economy. The study aimed to examine whether the shallot is the main commodity in the OKU District and the strategy of developing shallot planting in the OKU District. The research results show that the commodity shallot sub in OKU District with the analysis of the LQ had an index value of  $0.42 = LQ < 1$ . Thus, shallot plantation is a sector in which its production fails to meet the needs of District OKU due to the lack of the role of the sector in the regional economy. It does not have the advantages of the comparative and categorized the non-base or not commodities is a sub-sector of the non-base following the value of  $LQ < 1$ . The government conducts management improvement coaching for farmer groups so that institutions in the downstream sector and agribusiness are strong. It is necessary to implement four development strategies to develop shallot planting as a commodity in the OKU District.

## 1. INTRODUCTION

### 1.1. Research Background

Indonesia is a developing country with an agricultural sector and agribusiness economy. The agribusiness system is a system of agricultural enterprises in a broad sense not only implemented in the subsystem but rather in one system, and agribusiness is a farmer in the field of business of agriculture with the orientation of the profits [1] [2]. Shallot is the one commodity vegetables featured that has long been cultivated by farmers in Indonesia, and it is the main prioritized commodity in the development of vegetable lowlands in Indonesia in addition to the already hundreds of years cultivated, as well as is one of the sources of income of farmers and the economy of the country [3] [4]. Utilization of shallot intended to meet the demand of households and food processing industries [5], although the market price is often up and down fluctuations are quite sharp, farming of shallot remains the mainstay of farmers, especially in the dry season, and generate profits sufficient. The demand for shallot is increasing [6], [7]. The shallot (*Allium Cepa*, Grupi *Aggregatum*) is a horticultural commodity that was already known by the people of Indonesia [8], [9]

Commodities into the needs of the people of South Sumatra have been developed in several districts and cities. Shallot has

already been produced in the District of East OKU, OKU, OKU Selatan, and some other regions. This year, there is a development of the shallot area of 110 hectares in some other regions. The food availability highly depends on the planting and harvesting in the production center. At the planting time, the production of some food materials will be distracted. So, the supply must be met from other regions outside of South Sumatra. Shallot production in South Sumatra during 2018-2019 can be seen in Table 1.

Table 1. Shallot Plant Production per County/City in South Sumatra of 2020.

No	District	Production (Quintal)	
		2018	2019
1	Pagaralam	4838	4600
2	OKU	2560	2780
3	Musi Rawas	3089	2764
4	OKU East	3050	1752
5	Muaraenim	625	1581
6	OKU South	-	71
7	OKI	213	50
8	Musi Banyuasin	-	2
Total			13,600

Source: Statistics South Sumatra (2020)

Table 1 shows the increase in over two years. The amount of shallot production in South Sumatra in 2020 was 934.00 Tons, where the highest production was in the Pagaralam District by

4600 Tons and the lowest production was in the Musi Banyuasin District by 2 Tons. Meanwhile, the OKU District was ranked second by 2780 Tons. The quantitative production of shallot at OKU District is presented in Table 2.

Table 2. The production of shallot at OKU District from 2018-2020.

No	districts	Production (kg)		
		2018	2019	2020
1	Sosoh Buay Rayap	19,698	112,000	184,000
2	Semidang Aji	-	8000	-
3	Lubuk Batang	4,500	32,000	64,000
4	Baturaja Timur	1.750	80,000	-
5	Sinar Peninjauan	-	40,000	-
6	Kedaton P Raya	-	24,000	-
7	Lubuk Raja	-	-	8000
Total		25,948	296,000	258,000

Source: Department of Agriculture of OKU District (2021)

From Table 2, it can be seen that the Sosoh Buay Rayap District experienced increases in shallot production rapidly each year, even over 100% from 2018 to 2019. In 2018, the production amounted to 19.698 kg, increased to 112,000 kg in 2019. Indeed, it is interesting to examine the development strategy of shallot planting in the Sosoh Buay Rayap of OKU District. One of the shallot producers in South Sumatra that increased production was OKU Regency, precisely in some districts, i.e., Sosoh Buay Rayap, LubukBatang, and Baturaja Timur, which has a land of agricultural 27.490 hectares of which are potential for the development of shallots with the planting area of 11 hectares based on Department of Food Security of 2021.

### 1.2. Literature Review

Department of Agriculture at Ogan Komereng Ulu District, South Sumatra, in 2021, distributed the aid for 1.5 tons of shallot seeds. It helped farmer groups in several districts in the OKU District. The head of the Department of Agriculture of Ogan Komereng Ulu (OKU) claimed that 1.5 tons of shallot seedlings would be planted on 2-2.5 hectares for each farmer group in some districts. In addition to the shallot, farmer groups would also have the help of 500 kilograms of chili seedlings to be planted in a land area of 1.5 hectares. This help aimed to help improve the economy and as an effort in the strategy of the development of shallot planting in the OKU District as a production center of shallot. Management in the agricultural sector with the planting of seedlings of shallot in the OKU District is one of the strategies for the development and improvement of the welfare of farmers. At some specific time, shallot availability decreases while the demand is high, resulting in soaring prices. It provides added value and opportunity for vegetable growers as a manufacturer to make a profit.

The OKU District is consistent with its production and supply to several areas. Several districts in the OKU District have the potential of lush nature. This makes some plants able to live well, such as vegetables, fruits, and one commodity horticulture crops, and therefore, shallot can also live there. Most people in the OKU District work as farmers in plantations.

Another problem faced by farmers is often the price changes. The instability of the price can lead to losses for farmers because

the cheapness of the production price is inversely proportional to the high cost of production. In addition, farmers often complain that seeds and fertilizers are relatively expensive. Another threat that will impact the welfare of the farmers of shallot is the presence of imported shallot [10]. The role of the government is necessary to actively establish a scheme of the price to the distribution process and help ensure the quality of agricultural products. Among them, the provision of fertilizer at once the seedlings are better. This sector also requires training and mentoring because without intensive attention, then the production results will be poor. In addition, the government should ensure that the shallot production in the village can be competitive because the shallot market is huge, and its derivatives are also varied. It is the foundation of the government OKU for making shallot as a commodity superior. The government also implements several policies to encourage shallot production in the country, such as fertilizer subsidy policy, subsidy rates on loans, and subsidies of fuel oil [11] [12]. The Research Agency and Agricultural Development (2020) stated that of development of shallot in the next five years is directed to meet the needs of domestic consumption. In avoiding seasonal or annual bias, it is necessary to have an average value of the data series that is quite long, preferably not less than 5 (five) years [13].

### 1.3. Research Objective

The study aimed to examine whether the shallot is the main commodity in the OKU District and the strategy of developing shallot planting in the OKU District.

## 2. MATERIALS AND METHODS

The research employed a survey method where the shallot is typical in the OKU District. The study was conducted in several districts. The survey method is a quantitative research method used to get the data that happened in the past or currently, about beliefs, opinions, characteristics, behavior relationship variables, and to test some hypotheses about the variables sociology and psychological of the sample. The data processing method used was SWOT (strengths, weaknesses, opportunities, threats) analysis. Qualitative descriptive analysis was used to obtain an overview of the vision, mission, and a portrait of the farmer environment-related opportunities, threats, strengths, weaknesses owned by the company, and the formulation of strategy by using SWOT matrix. Meanwhile, the quantitative analysis utilized the EFE (External Factor Evaluation) and IFE (Internal Factors Evaluation) matrices.

## 3. RESULT AND DISCUSSION

LQ analysis analyzed shallot as a commodity and the Factors of Internal and External Strategy of Development of Agribusiness Commodities Shallot. Internal factors comprise the strengths and weaknesses of the strategy of development of shallot as a commodity in OKU District.

### 3.1. Featured Commodity

Tabel 3. The results of the Analysis of Location Quotient (LQ) of the Shallot Commodity in OKU District,2021

Pt	pt	Pi	pi	Pi/Pt	pi/pt	Index Location Quotient	Note:
6474.00	98084.47	192.66	6,817.62	0.029	0.069	0.42	LQ < 1

Based on the research results of LQ analysis in Table 3, the value of the total production of horticulture crops vegetable at the OKU District (Pt) was 6474 tons, while the production of shallot at the OKU District (Pi) was 192.66 tons. It indicates that the commodity of shallots could not be said based in terms of production. The influence of price fluctuations is one of the factors where the price fluctuations impact the production fluctuations and lead to the existence of price fluctuations. The nature of the product shallots, which is easily damaged (perishable), causes the prices to tend to be volatile and change very quickly (Shah et al., 2018). The shallot has not dominated the production of the commodity credited with providing in OKU District, which is about 2.97 percent of the total production of commodity credited with providing, or about 0,029 tons. The results were then compared with the value of crop production shallot on the level of the South Sumatra province of 6817 tons divided by the total value of horticultural crops vegetables on South Sumatra province by 98.084 tons, which is about 6.95 percent or 0,069. Then, based on the LQ analysis, shallot had an index value of  $0.42 = LQ < 1$ . It indicates that shallot commodity located in the OKU District is not a commodity base or not featured, where shallot production fails to meet the needs of the OKU District.

The non-base activities result either in the form of goods or services intended for the community itself in the community's economic life (Soekartawi,2016). It is caused by the lack of the role of the sector in the economy of the region OKU because it does not have the advantages of the comparative and categorized the non-base or not the commodities in OKU District.

Some of the factors that cause shallot in OKU District not featured or non-base is the land condition. The shallot land condition in OKU District is inadequate, where farmers use their lands to share with other commodities. They cannot remove other commodities and focus on shallot. Also, farmers face difficulties in buying seeds, so they can only be planted under the seedlings with the help of the government. Farmers also have to meet the infrastructure of their production. Furthermore, the dependence of the farmers on chemicals is still high. Hence, they hope to get subsidized fertilizer to reduce the cost of shallot production. Some farmers decide to use the services of intermediaries for shallot sale so that the price fluctuations of shallot are erratic. Since shallot production can not meet the needs of the community, then OKU District still requires shallot from outside of Sumatra to meet the needs of the region OKU.

### 3.2. SWOT matrix

Various alternatives were formulated. The analysis model of this matrix is a formulation of the combined internal and external factors. The formulation is in the form of strategy strengths-opportunities (SO), strengths-threats (ST), weaknesses-opportunities (WO), and weaknesses-threats (WT). Hence, it shows some alternative efforts in developing the shallot in OKU District. Several alternative development strategies can be done in this case, as presented in the following table;

Table 4. SWOT Matrix

<i>EFAS</i>	<b>STRENGTH (S)</b> - Physical and quality of shallots - Mastery of cultivating - Shallot production - Availability of seeds - Labor	<b>WEAKNESSES (W)</b> - Shallot Warehouse Facility - land condition - Production facilities and infrastructure - Difficulty in buying seeds - High chemical dependence. - Fertilizer Subsidy
<i>IFAS</i>	<b>STRATEGY (SO)</b> - Government, PPL, Gapoktan become facilitators in the development of shallot farming	<b>STRATEGY (WO)</b> - Need guidance from the government - Need government assistance such as subsidized fertilizer and other production facilities.
<b>OPPORTUNITIES(O)</b> - Government Support - PPL support - Gapoktan support - Market Access - Has a chance to be OKU Regency's flagship product	<b>STRATEGY (ST)</b> - Production quality improvement - Improved farmer group management	<b>STRATEGY (WT)</b> - Institutional strengthening in the downstream and agribusiness sectors
<b>TREATS (T)</b> - Uncertain price fluctuations - The entry of shallots from outside Sumatra - Middleman Sales System		

The matrix position of the development strategy of shallot in Table 4 shows the value of  $x > 0$   $y > 0$ . This means that the

position of the strategy of development of shallot is located in Quadrant I. Quadrant I is the quadrant bounded by positive x-axis

and y-axis. The alternative strategy is aggressive, i.e., an SO strategy, where this quadrant has the most advantageous position due to its strength and opportunities in the matrix of such a position. Thus, it is possible to harness the opportunities of shallot planting there and develop it. The aggressive strategy must expand and enhance the growth to the fullest by taking advantage of opportunities and the power of the strengths-opportunities strategy [14][15]. Shallot in the OKU District is located in Quadrant I, which means the shallot has good strength. However, the shallot farmers are yet to take advantage of the opportunities that exist so that the shallot is not yet developed. An aggressive strategy must expand and enhance the growth to the fullest by taking advantage of opportunities and power (strength-opportunities strategy) [16]. One of the internal factors is the physical condition of the shallot. The good physical condition is the main factor to attract buyers to buy the shallot [17], [18]. The research showed that the internal factors are the most dominant factor, with strength as the most dominant factor compared to weakness [19], [20]

#### 4. CONCLUSION

From the research results, the authors concluded that the shallot is non-base, meaning that the production sector can not meet the needs of the OKU District. Then, the government must conduct management improvement coaching for farmer groups so that institutions in the downstream sector and agribusiness are strong. It is necessary to implement four development strategies to develop shallot planting as a commodity in the OKU District.

#### REFERENCE

- [1] I. N. Rudianta, A. Agung, and N. Mayun, "Strategy of Agribusiness Development of Chrysanthemum Flower in Pancasari Village, Sukasada District, Buleleng Regency," *SEAS (Sustainable Environ. Agric. Sci.)*, vol. 2, no. 2, pp. 86–95, 2018.
- [2] K. S. I. Toguria, N. Chalil, Diana, "The strategy of development of agribusiness mandailing coffee in the district of Ulu pungkut (Coffea arabica) Simpang Banyak Julu, Kecamatan Ulu Pungkut, Kabupaten Mandailing Natal," *J. Soc. Econ. Agric. Agribus.*, vol. 6, no. 3, pp. 371–376, 2018, doi: 10.22437/ppd.v6i3.6049.
- [3] Erwiani, "Analisis Swot Sebagai Dasar Perumusan dan Penerapan Strategi pada Perusahaan (Studi Kasus di Telkom Malang)," *J. Ilm. Mhs. FEB*, vol. 1, no. 2, pp. 1689–1699, 2019.
- [4] T. I. Lestari and L. Yunita, "The Implementation of SWOT Analysis As a Basis For Determining Marketing Strategies," *Enrichment*, vol. 10, no. 2, pp. 25–29, 2020.
- [5] I. P. Putri, B. Arifin, and K. Murniati, "Analisis Pendapatan Dan Efisiensi Teknis Usahatani Bawang Merah Di Kecamatan Gunung Alip Kabupaten Tanggamus Provinsi Lampung," *J. Ilmu-Ilmu Agribisnis*, vol. 9, no. 2, p. 62, 2021, doi: 10.23960/jiia.v9i1.4820.
- [6] R. Ali and Sulfina, *Response in growth and yield of the local palu shallot (Allium ascalonicum L . Va r. Aggregatum) to the direction and building form of the planting beds*, vol. 4. 2020.
- [7] S. Edi, "Pertumbuhan dan hasil beberapa varietas bawang merah pada dua cara tanam di lahan kering dataran rendah Kota Jambi," *J. Agroecotania Publ. Nas. Ilmu ...*, vol. 2, no. 1, pp. 1–10, 2019, [Online]. Available: <https://online-journal.unja.ac.id/Agroecotania/article/view/7899>.
- [8] Rahayu, E. Berlian .N, Ali. V, *Bawang merah*. Jakarta, 2018.
- [9] S. N. Purba, Ansuruddin, and L. R. Batubara, "PERTUMBUHAN DAN PRODUKSI TANAMAN BAWANG MERAH ( Allium ascalonicum L .)," *BERNAS Agric. Res. J.*, vol. 14, no. 2, pp. 77–88, 2018.
- [10] R. Setiani, "Strategi Pengembangan Bawang Merah Di Kabupaten Bima, Nusa Tenggara Barat," *J. Ekon. Pambang.*, vol. 26, no. 2, pp. 143–152, 2019, doi: 10.14203/jep.26.2.2018.143-152.
- [11] R. Pangestuti and E. Sulistyarningsih, "Potensi Penggunaan True Seed Shallot ( TSS ) Sebagai Sumber Benih Bawang Merah di Indonesia," *Pros. Semiloka Nas. "Dukungan Agro-Inovasi untuk Pemberdaya. Petani,"* no. August 2011, pp. 258–266, 2011.
- [12] L. S. Hamdani, "Pertumbuhan dan Hasil Bawang Merah Kultivar Kuning pada Status Hara P Total Tanah dan Dosis Pupuk Fospat yang Berbeda," *Agrikultura*, vol. 19, no. 1. 2008, doi: 10.24198/agrikultura.v19i1.631.
- [13] R. Hendayana, "Aplikasi Metode Location Quotient (LQ) dalam Penentuan Komoditas Unggulan Nasional," *J. Inform. Pertan.*, vol. 12, no. Desember 2020, pp. 1–21, 2020, [Online]. Available: <http://www.litbang.pertanian.go.id/warta-ip/pdf-file/rahmadi-12.pdf>.
- [14] D. Darmawan, "Strategi Pengembangan Usahatani Bawang Merah," *Agrimas*, vol. 2, no. 2580–8621, pp. 13–22, 2018.
- [15] J. Wadu and A. M. Linda, "Strategi Pengembangan Usahatani Bawang Merah Di Kelurahan Malumbi, Kecamatan Kampera, Kabupaten Sumba Timur," *Agrilan J. Agribisnis Kepul.*, vol. 8, no. 3, p. 294, 2020, doi: 10.30598/agrilan.v8i3.1099.
- [16] F. Latief, A. Asniwati, and Y. N. Akram, "Positioning Strategy of PT. Guten. Inc: SWOT Analysis Approach," *J. Manaj. Bisnis*, vol. 8, no. 1, pp. 47–56, 2021, doi: 10.33096/jmb.v8i1.631.
- [17] E. T. L. Tobing, "Strategi Pengembangan Agribisnis Komoditas Bawang Merah ( Allium ascalonicum L . ) ( Kasus : Kecamatan Muara , Kabupaten Tapanuli Utara )," *J. Soc. Econ. Agric. Agribus.*, p. 86, 2017.
- [18] S. Hidayat, M. A. Girsang, S. P. Tobing, P. Nainggolan, and L. Haloho, "DI KABUPATEN PADANG LAWAS UTARA ECONOMIC ANALYSIS OF SHALLOT COMMODITY DEVELOPMENT Kabupaten Padang Lawas Utara merupakan kabupaten ke tiga puluh ( 30 ) yang berada di Provinsi Sumatera Utara , dibentuk pada tanggal 10 Agustus 2007 berdasarkan Undang- Und," no. 21, pp. 163–172, 2020.
- [19] A. M. Kiloes, N. Hardiyanto, A. Sulsityaningrum, and M. J. Anwarudin Syah, "Strategi Pengembangan Agribisnis Bawang Merah di Kabupaten Solok (Shallot Agribusiness Development Strategy in Solok Regency)," *J. Hortik.*, vol. 28, no. 2, p. 269, 2019, doi: 10.21082/jhort.v28n2.2018.p269-280.
- [20] S. Hindarti and L. R. Maula, "Shallot Agribusiness Development Strategy in Purworejo Village, Malang District," *J. Sustain. Dev. Sci.*, vol. 2, no. 2, pp. 69–77, 2020, doi: 10.46650/jsds.2.2.1018.69-77.