

## SWOT ANALYSIS FOR DETERMINING COMPETITIVE STRATEGY IN THE TEA PLANTATION UNIT MALABAR

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### ABSTRACT

Malabar tea plantation is one of the first plantations in Pangalengan managed by PT Perkebunan Nusantara VIII. Malabar tea products have been known in various countries. However, tea production activities fluctuate yearly, and competition with companies in the same field is getting tighter. Therefore, the right strategy is needed to be more competitive. This study aims to create a competitive advantage strategy for Malabar Tea Plantation as a tea producer in the Malabar production unit. This study uses SWOT and descriptive analysis. The study results showed that the main strength is the complete Malabar Factory product certification, with a score of 1.30, and the main weakness is the lack of maintenance in the field, with a score of 1.18. The opportunity is the expansion of tea marketing and the improvement of the downstream industry, with a score of 1.37, and the threat is the EGVC (Empowerment of Plantation and Village Communities) partners, who are less cooperative, with a score of 1.13. Based on this, the Malabar plantation unit is in quadrant 1, which means it is in a growth position, so the strategy implemented is an aggressive strategy, including market penetration, seeking new potential customers, and maintaining good relationships with old customers.

**Keywords:** *competitive, Malabar, strategy, tea, SWOT*

### BACKGROUND

Tea is a plantation commodity that absorbs much labor and contributes to the Gross Domestic Product (GDP) (Prasetyo et al., 2024). It is one of the four key commodities that generate foreign exchange (Ibnu, 2023), but faces various market competition challenges. West Java is one of the largest national tea production centers and has tea production centers spread across various regions. One of the tea plantation centers is in Pangalengan District. The tea plantation in Pangalengan was first opened by Rudolf Edwadr Kerkhoven in 1890, then continued and developed by his cousin Karel Albert Rudolf Bosccha in 1896 under the name Malabar tea plantation and is currently one of the plantations managed by the government through PT. Perkebunan Nusantara VIII (PTPN VIII). Malabar Plantation has an area of 6,339.32 Ha with a productive plant area of 3,278.79 Ha consisting of three units: Malabar Unit, Kertamanah Unit, and Pasir Malang Unit. Malabar Unit produces orthodox black tea powder every day. Most of its production and tea from other plantations are exported to various countries in the world, such as Malaysia, the Netherlands, America, Poland, the United Arab Emirates, Russia, Pakistan, Japan, Germany, England, Vietnam, India, Australia, China,

and others (Pardian et al., 2023). Tea produced by Malabar Plantation is known to have high quality and is in demand from various countries every year. However, the production of Malabar orthodox tea in the last six years (2018-2023) has shown fluctuations where the highest production of the Malabar plantation, the Malabar unit, was achieved in 2020 at 3,404,321 kg. However, in 2021 to 2023, tea production decreased by 81,161 kg to 3,323,160 kg in 2021 and decreased by 485,950 kg in 2022 to 2,837,210 kg and decreased by 335,088 kg in 2023 so that production became 2,502,122 kg. The condition of the Malabar plantation production, which experienced a decrease in production, which is the oldest tea producer in Pangalengan and with the aim of domestic and foreign markets, indirectly affects the ability to compete and market control.

As one of the tea-producing plantations in Indonesia, Malabar Plantation needs to determine the right strategy in order to compete with other plantations and companies both nationally and internationally. Moreover, in the era of globalization like today, competition between companies is getting tighter, making companies need to find ways to increase their competitive advantage, as well as the Malabar unit. Strategic planning that takes into account the ever-changing market dynamics is essential. A strategy is a tool used to achieve goals with competitive advantages and characteristics that are owned to meet consumer desires and needs. Competitive strategy is a tool to determine a position that can be profitable for a company when competing with other companies. One method that can be used to determine competitive strategy is SWOT analysis (strengths, weaknesses, opportunities, and threats). In general, strategy can also be interpreted as a method or process of preparing a plan to achieve long-term goals by integrating advantages and allocating resources within the company and factors outside the company. Competitive advantage is the company's ability to meet consumer desires and needs that make the company superior to other companies; competitive advantage is the primary value consumers want to convey to gain an advantage over competitors. The explanation above provides clear reasons for the reasons for the research and the location of the research.

## RESEARCH METHODS

The research was carried out at Malabar Plantation unit Malabar, in Banjarsari Village, Pangalengan District, Bandung Regency, with the research time being 30 October – 4 November 2023 yang merupakan kebun teh tertua di pangalengan. this research is a case study research that uses primary and secondary data (Pardian et al., 2021). Primary data was collected by conducting interviews, observations and kuesionaire to Respondents from the plantation are plantation manager, head asisten, Afdelin Sin 1 and the plantation foreman, whereas from the factory are the processing factory manager, chief machinist, processing assistant, processing foreman 1, and QC foreman. The selection of respondents was done intentionally by considering the level and understanding of respondents regarding the tea plantation and factory production implementation of management in Malabar Plantation. Secondary data was obtained from various literature and agencies related to this research.

This research uses SWOT analysis (Strength, Weakness, Opportunity, and Threat), because one method that can be used to determine competitive strategy is SWOT analysis (Maximillian et al., 2022) to systematically observe various factors that are useful for helping formulate strategies. SWOT analysis is a tool for systematically identifying internal and external factors to determine effective strategies for the company. Therefore, this study was conducted to analyze the strengths and

weaknesses of the company's internal factors, as well as opportunities and threats, which are external factors that might affect the competitive strategy. By understanding these factors, this research can formulate an effective strategy to maximize the competitive advantage of Malabar unit tea production.

### **SWOT Analysis**

SWOT analyzes strengths, weaknesses, opportunities, and threats to optimize the company's resources to achieve goals (Irawan, 2017). Strength and weakness factors come from internal companies, while cash factors and obstacles come from external companies (Isamuddin et al., 2021). The following is a deeper explanation of the factors in the SWOT analysis according to Irawan (2017).

1. Strength: The company's potential is a strength that can utilized for company growth. The strength possessed by the company can also interpreted as the competitive advantage possessed by the company. Examples include meeting international standards and producing quality products.
2. Weaknesses, a deficiency that the company has, can hamper the company's work in achieving goals. Examples include a lack of workforce and a need for more maintenance of resources.
3. Opportunity is an external factor that is profitable to the company. Examples include downstream development potential and marketing.
4. Threat is an external factor that is detrimental to the company. Examples include competitors, government policies, and natural disasters.

### **Competitive Strategy**

Strategy is an understanding which is a tool used to achieve goals (Rangkuti, 2009). The following is an understanding of the pioneers' strategy (Kuncoro, 2020).

1. Strategy maximizes existing resources to achieve predetermined goals and objectives.
2. Strategy defines a business run or must go by a company by designing goals and objectives.
3. Strategy describes the environment and type of organization the company wants. Apart from that, the coordination of company and work activities needs to be determined so that company activities can run according to existing conditions.

Identification of an Internal Factor Analysis Summary (IFAS) will explain a company's strengths and weaknesses by identifying conditions that influence decision-making, including marketing, human resources, research and development, finance, operations, management information systems, and corporate culture. At the same time, external factors Analysis Summary (EFAS) will also explain the opportunity and threat factors that exist in the company, where these factors are related to conditions that occur outside the company that influence decision-makers, including the industrial environment and the macro business environment, economics, population politics and socio-culture and others.

## **RESULT AND DISCUSSION**

In general, strategy can also interpreted as a method or process of formulating plans to achieve long-term goals through integrating excellence and resource allocation within the company and factors outside the company. Competitive advantage is a company's ability to fulfill the wants and needs of consumers, which makes the company superior to other companies; competitive advantage is the primary value consumers want to convey to gain an advantage over competitors. Strategy is a

long-term plan prepared to lead to the achievement of specific goals and objectives. From this understanding, a competitive strategy is a tool for determining a position that can benefit a company in competing. Sono's study in 2023 shows a significant positive relationship between strategic planning and competitive advantage, which is also very important for the growth of a company (Sono et al., 2023). The results of this study are based on a strategic planning method used to identify, analyze, and evaluate the strengths, weaknesses, opportunities, and threats of a company, organization, and project (Mashuri & Nurjannah, 2020). Two factors were identified: internal factors, seen from the internal production process at the Malabar plantation, and external factors, which are related to external conditions at the Malabar plantation tea production unit, Pangalengan, West Java.

**Table 1.** Internal Factors of Malabar Plantation

Internal Factors	
Strength	Weaknesses
1. Have a lot of customers	1. Little manpower
2. It's extensive export network	2. Productive age/young age is inadequate (many employees of unproductive age)
3. Has good tea quality	3. Less maintenance in the field
4. Complete Malabar factory certification	4. Land abandonment (unused land: unproductive)

Source: Primary Data (2023)

**Table 2.** External Factors of Malabar plantation

External factors	
Opportunity	Threat
1. Optimization of plantation assets (unproductive land)	1. Natural disasters, such as big winds, long droughts
2. Expansion of tea marketing (market expansion)	2. Uncooperative EGVC partners
3. Improve the downstream industry (downstream tea industry)	3. Illegal land use by communities
4. Increase employment opportunities for the community (welfare of the surrounding community)	4. The number of competitors outside the garden so that people around the garden are more interested in working in the outside sector
	5. There is a reduction in export costs to destination countries by the government

Source: Primary Data (2023)

Several criteria are classified into internal and external factors. Internal factors in the Malabar tea production unit are strengths and weaknesses, while external factors are opportunities and threats. Both factors are adjusted to the actual conditions at the Malabar tea production unit.

**Table 3.** Internal Factor Analysis Summary (IFAS)

Internal Factors	Weight	Rating	Score
<b>Strength(s)</b>			
1. Have a lot of customers	0,26	4,60	1,20
2. It's extensive export network	0,26	4,60	1,20
3. Has good tea quality	0,22	4,40	0,96
4. Complete Malabar factory certification	0,26	5,00	1,30
<b>Sub Total</b>	<b>1,00</b>		<b>4,66</b>
<b>Weakness (W)</b>			
1. Little manpower	0,25	0,80	0,20
2. Productive age/young age is inadequate (many employees of unproductive age)			
3. Less maintenance in the field			
4. Land abandonment (unused land: unproductive)			
<b>Sub Total</b>			
<b>Total</b>			<b>8,84</b>

Source: Primary Data (2023)

The main strength of the Malabar tea production unit is a complete Malabar Factory certificate with a score of 1.30. Furthermore, it is occupied by many customers and has an extensive export network with the same score of 1.20. Then, the last order with a score of 0.96 is the factor of having good tea quality. On the other hand, the main weakness of the Malabar tea unit, with a score of 1.18, is that it needs better maintenance in the field. The second place is the productive age / young age, which is inadequate (many employees are not productive age), with a score of 1.03. The following order is occupied by the factor of land abandonment (unused land: unproductive) with a score of 1.00, and the last is a small workforce with a score of 0.98. When the strength score is added together, it has a value of 4.66, and the weakness score has a value of 4.18. As a result of this value, in order to develop its competitive strategy, the strengths of the Malabar tea production unit are higher than its weaknesses.

**Tabel 4.** External Factor Analysis Summary (EFAS)

External factors	Weight	Rating	Score
<b>Opportunity (O)</b>			
1. Optimization of plantation assets (unproductive land)	0,14	4,70	
2. Expansion of tea marketing (market expansion)	0,29	4,80	1,37
3. Improve the downstream industry (downstream tea industry)	0,29	4,80	1,37
4. Increase employment opportunities for the community (welfare of the surrounding community)	0,29	4,30	1,23
3. Illegal land use by communities	0,16	4,10	0,66

External factors	Weight	Rating	Score
4. The number of competitors outside the garden so that people around the garden are more interested in working in the outside sector, with a value of 0.70.	0,16	4,40	0,70
5. The illegal land use by the community, which has a value of 0.66.			

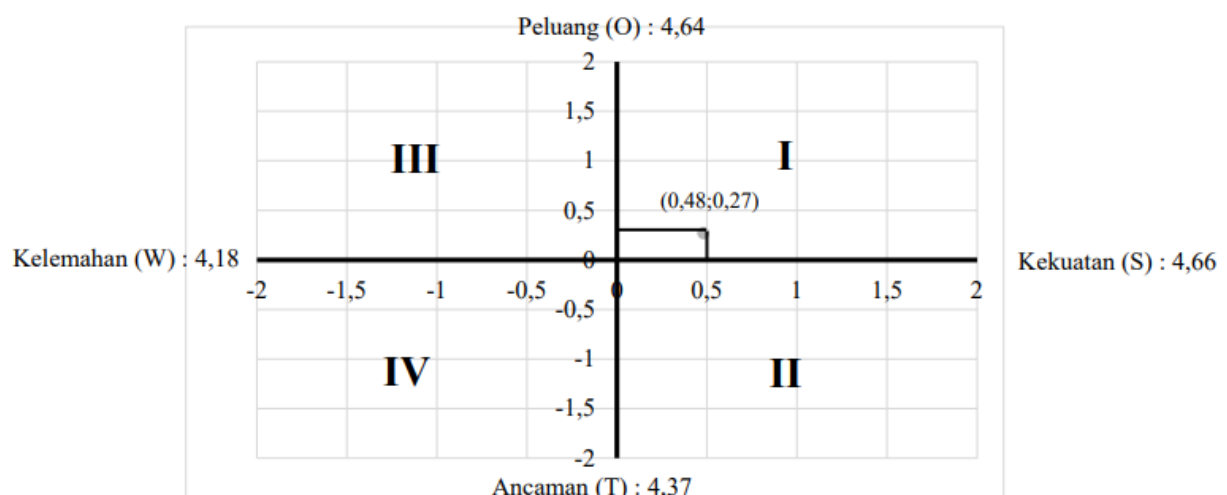
**Total** **9,01**

Source: Primary Data (2023)

The opportunity factor has the highest score on expanding tea marketing (market expansion) and increasing the downstream industry (downstream tea industry), with a value of 1.37. The second place is occupied by increasing job opportunities for the community (welfare of the surrounding community) with a value of 1.23. The third order is the optimization of garden assets (unproductive land) with a value of 0.67. Meanwhile, the threat factors have the highest value, namely uncooperative EGVC (Empowerment of Garden and Village Communities) Partners, with a value of 1.13. Natural disasters, such as significant winds and prolonged droughts with a value of 0.96, occupy the second place. For the third order, there is a reduction in export costs to destination countries by the government with a value of 0.92. The fourth place is the number of competitors outside the garden, so people around the garden are more interested in working in the outside sector, with a value of 0.70. The fifth order is illegal land use by the community, which has a value of 0.66. If the opportunities score is added up, it yields a value of 4.64, and the Hazard score results in a value of 4.37. From this value, the opportunities owned by the Malabar plantation and production unit to develop its competitive strategy are higher than the threats. To determine the value of the X axis and Y axis in the SWOT analysis diagram, the following formula is used:

$$X \text{ axis} = S - W = 4.66 - 4.18 = 0.48$$

$$Y \text{ axis} = O - T = 4.64 - 4.37 = 0.27$$



**Figure 1.** IE (Internal Eksternal) Diagram

Source: Primary Data (2023)

The diagram above shows that the intersection point of the characteristics of internal and external factors lies in Quadrant I, which means the characteristics of internal factors and external factors in the Malabar plantation and production unit have excellent strength and opportunities if utilized optimally. In this quadrant, it is in a growth position. Hence, the strategy that can be made is an aggressive strategy that will later encourage the company to maximize its strengths and opportunities to progress and achieve tremendous success (Astuti & Ratnawati, 2020). An example of this strategy is to expand the marketing of tea products by maintaining and improving the quality of the tea it produces. With this strategy, the Malabar plantation dan production unit can carry out a market penetration strategy to expand market share by finding potential new customers and maintaining good relationships with old customers. One way is to maximize structured and organized promotional activities.

**Tabel 5.** Determination of Key Factors of IEAS and EEAS

Key Internal Factors		Key External Factors		Generated Strategy
<b>Strength(s)</b>		<b>Opportunity (O)</b>		
Has good tea quality	+	Improving the downstream industry (downstream tea industry)	=	It is expanding the company's tea marketing through collaboration with businesses, tea drink franchises, etc.
<b>Strength(s)</b>		<b>Threat (T)</b>		
It's extensive export network	+	There is a reduction in export costs to destination countries by the government	=	Increase production cost efficiency
<b>Weakness (W)</b>		<b>Opportunity (O)</b>		
Little manpower	+	Increase employment opportunities for the community	=	Empowering the community around the garden
<b>Weakness (W)</b>		<b>Threat (T)</b>		
Land abandonment (unused land)	+	Illegal land use by communities	=	Rejuvenation of unproductive and reused land

Source: Primary Data (2023)

After analyzing SWOT by determining the characteristics of internal and external factors, weight values, ratings, scores, and diagrams to determine strengths, weaknesses, opportunities, and threats, a qualitative approach to the SWOT matrix is carried out with several strategies that can be done as follows:

1. **S-O Strategy.** S-O strategy is a strategy that involves strengths owned by empowering existing opportunities. To expand the marketing of tea products produced, PTPN VIII Malabar unit can carry out competitive strategies for the company, which are as follows:
  - a. Maximizing tea promotion activities, both directly (offline) and indirectly (online)
  - b. Become a tea supplier with other partners so that good cooperation will be established

- c. Conducting factory visits to potential customers so that consumers can see firsthand the tea production process
  - d. Provide training to tea farmers and parties involved in the supply chain so as to improve the quality of tea that consumers can trust.
2. **S-T Strategy.** The S-T strategy is a strategy that involves utilizing existing strengths to overcome threats in the company. To be able to improve production cost efficiency, Malabar unit can implement several competitive strategies as follows:
  - a. Reducing employees for company efficiency
  - b. Optimize production to eliminate waste by adjusting production workflows
  - c. Manage waste by looking for opportunities to sell waste to other parties who can use it, so that it will reduce production costs and increase revenue.
3. **W-O Strategy.** The W-O strategy is a strategy that is applied based on opportunities that are well utilized and how to minimize the weaknesses that exist in the company. To be able to empower the community around the plantation, the Malabar unit of PTPN VIII can implement several competitive strategies that can be done as follows:
  - a. Opening job opportunities for residents around the garden. This strategy is carried out to encourage the development of the surrounding community by creating many jobs.
  - b. Improving the skills of the existing workforce. This strategy is done by Upskilling and Reskilling or providing training, certification, and professional development programs to the existing workforce.
  - c. Assisting the surrounding community, such as helping with education costs and providing a water network for bathing, washing, and toilet facilities around residents' homes.
  - d. Directly involved in activities held by the surrounding community, such as Independence Day ceremonies, discussions on an activity, and other activities.
4. **W-T Strategy.** The W-T strategy is a strategy based on activities that are defensive in nature and minimize weaknesses and avoid incoming threats. To be able to rejuvenate unproductive land or reuse abandoned land, the Malabar unit can apply several competitive strategies that can be done as follows:
  - a. Carry out land clearing. Land that wants to be rejuvenated must first be cleared of things that can hinder rejuvenation, such as weeds, wild plants, and garbage. In order, the land can be used properly.
  - b. In addition to rejuvenating the land, the land must also be prepared before planting plants, for example such as fertilization and so on.
  - c. Planting tea by considering the climate, land conditions, and the availability of water that will be used to support the growth of tea plants, in order to produce well or productively.

## CONCLUSION AND SUGGESTION

Based on the research results, the main strength of the Malabar unit is the complete Malabar Factory product certification, and the main weakness is the lack of maintenance in the field. That puts the Malabar unit in the quadrant in one position, which means it occupies a growth position. The strategy that can be made is an aggressive strategy by carrying out a market penetration strategy to expand market share by finding potential new customers and maintaining good relationships with old customers. One way is to maximize structured collaboration and organized promotional activities.



This strategy is carried out to maximize the company's competitive advantage in national and international markets. Further research is expected to test the most effective strategies for the company so that the benefits obtained from research are maximized.

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