

UNDERSTANDING THE AGRIBUSINESS CLUSTER DEVELOPMENT USING SYSTEM THINKING: A CASE STUDY OF RED CHILI IN WEST JAVA

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ABSTRACT

Agribusiness cluster can be seen as geographic concentration of supply chains network. The effort of agribusiness cluster development of red chili in West Java raises some interesting questions to be discussed: (1) what component that will be the key factor of agribusiness cluster development? and (2) could the interaction of various identified components stabilize the price of red chili? This paper will discuss holistically to answer the two questions using the system thinking approach in getting the deep and clear understanding of various efforts those had been done in cluster development of red chili in West Java. The research was done in two locations and was initiated by the Representative Office of Bank of Indonesia for West Java and Banten, Garut Regency and Ciamis Regency. Used data and information were collected by action research, observation, and interview. Analysis and discussion were done using the structure policy diagram and simulation. The research results showed succeed of agribusiness cluster development was depended on by the interaction of six components: (1) market orientation; (2) technology innovation; (3) geographic concentration; (4) new entrepreneur in agriculture; (5) financial; and (6) multi-stakeholders' involvement. The interaction among the six components showed that development of agribusiness cluster in long term was able to reduce price fluctuation because it could raise the supply of red chili in structured and traditional market.

Key words : cluster, supply chain, agribusiness, case study, chilli, system thinking

1. INTRODUCTION

Vegetable is one of food commodity groups, which has a high price fluctuation. That condition happens repeatedly every year and seems to be unsolved permanently. Red chili and union are vegetables which have a very high price fluctuation that contribute to the national inflation. The cause of food price fluctuation is the problem in the supply side and market structure (Widyasanti, 2014).

Actually, red chili production in Indonesia is higher than the consumption (Indonesia Statistics Bureau and Directorate General of Horticulture, 2013). Furthermore, the price fluctuation is caused by the unstable production of red chili every month, since the farmers' decision making depends on the owned farming area, climate, and traditional market as the market target. Traditional market does not demand a sustainable supply that farmers are not pushed to make a planting schedule that guarantees a sustainability of production (Perdana, Nurhayati and Kusnandar, 2013).

Such condition cannot be ignored because it will push the consumers to choose the import products to substitute local red chili. Besides that, farmers also face a very high