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Business Strategy of Ornamental Plants in Rural Societies

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Abstract: It started from a hobby that turned into an initiative to use ornamental plants as business opportunity using own land or rented land. The business opportunity was grabbed by those who had understanding on market situation and taste in ornamental plants. Huge profit gained from the business was the main reason for someone to choose ornamental plants as a business. In running the business, business strategy and management were needed so that business could develop based on certain planning. Research location was in Mungkid Subdistrict, Magelang Regency. The research was conducted with qualitative approach. Research result indicates that various business strategies applied by traders were prioritizing in good customer service and customer satisfaction, increasing the type and quality of marketed ornamental plants, maintaining clean and neat ornamental plant shop, promoting the business as an effort to market the plant and develop broader networking so that the business could develop further, and renting the plants for decoration in a hotel or office for landscaping.

Keywords: Business Management, Business Strategy. Ornamental Plants Trader.

INTRODUCTION

Various business types are developed in rural societies. Those businesses are in agricultural, economic, livestock and services sectors. The businesses, which could be as a side business or the main livelihood, are able to improve the economic income of farmer families in rural areas. The businesses, either as a side business or main livelihood, are managed due to the profitable outcome and working system that did not attach. No matter the background, everyone who started a business could be a leader who lead the business and lead the staffs to run the business together.

One of business types developed in rural areas is ornamental plants cultivation that categorized as agricultural business [1]. Ornamental plants are flowers with unique and specific forms or all types of plants that produce flowers used as decoration or ornament, outdoor or indoor, to embellish and beautify the rooms and they have value added compare to other plants. Along with current development and

human progress, ornamental plants can be defined as all types of plant having ornamental values (flowers, stem, canopy, branches, leaves, roots, aroma, etc.) that give beautiful, artistic or art impression [2].

It started from a hobby that turned into an initiative to use ornamental plants as business opportunity using own land or rented land. The business opportunity was grabbed by those who had understanding on market situation and taste in ornamental plants. Huge profit gained from the business was the main reason for someone to choose ornamental plants as a business.

Ornamental plants business gained so much interest from business actors in Indonesia and they even made it as the main livelihood. Generally, the business is started from an interest toward ornamental plants and in the end, it turns into a business. Some big cities in Indonesia have sales center of ornamental plant seedlings and ornamental plants cultivated by the traders themselves.

One of superiorities of ornamental plants is easy maintenance thus more profit for traders from selling the plants, around tens of millions per month. The business, however, bears risk that need to be considered by traders who decide to do the business by understanding the consequence in doing the business. All business has risks and the worst risks would be failure and bankruptcy due to the inability to do the business in maximum. The worst risk of ornamental plants business, especially, is wither in ornamental plants cultivated thus it cannot be sold and no profit gained by the traders. Thus, a deep consideration on the reason to do and develop a business should be taken before starting a business.

In addition, other things to be considered are the strengths and weaknesses in ornamental plants business as well as how to apply appropriate strategies in the middle of competition with other traders in the same business. Therefore, traders need to have different strategies and management in order to compete with other ornamental plant business actors. The competition could be in term of price, quality, type, and customer service. Business strategy applied by ornamental plant traders could influence their profit or loss.

Every company, service or non-service, needs business strategies that able to place them in the best position and enabling them to compete and develop by optimizing all their own resources potentials [3]. Companies have different characteristics and strategies in developing their business. As well as ornamental plants traders, who run non-service business, have their own business strategies in order to survive and develop in the middle of business competition among the same traders. In order to win the competition, every company should have competitive strategy. Porter [4] and Pitelis [5] stated that “Strategy is about competitive position, about differentiating yourself in the eyes of the customer, about adding value through a mix of activities different from those used by competitors”. The end purpose of competitive strategy is to overcome environmental strengths to maintain and develop business, especially in ornamental plants business.

Business strategy is a comprehensive planning formula on how to achieve pre-determined mission and goals by maximizing competitive advantage and limitation as well as potential action that requires top management decision and huge amount of company’s resources with multifunctional or multidivisional consequences as well as consideration on external or internal factors faced by the company. One of which is the acceleration in new market innovation and the change in consumer pattern that need core competencies [6].

Business strategy in ornamental plant business is important in arranging business activities so that it could run well in order to achieve goals optimally. The goals could run well if business owners could

develop knowledge, technology, and ability as well as are able to divide work tasks and responsibilities to others since business management and strategies are needed in business so that it could develop according to certain planning.

Ornamental plant business development in the research location was influenced by social, cultural, and economic factors as well as supporting natural environmental factor. Certain climate condition, especially cool air temperature, that ranged from 20°C – 27°C is appropriate for flower plant life. In addition, fertile soil particularly those that formed from volcanic ashes (turf soil) is appropriate for all types of plant.

RESEARCH METHOD

Research location in Mungkid Subdistrict, Magelang Regency, Central Java, Indonesia is the center of ornamental plants. Research informants were traders who had been in ornamental plant business more than 5 years and 10 years. The informants were selected using stratified random sampling [7].

Qualitative research used to describe ornamental plant business strategy in rural societies, the marketing technique, obstacles faced in ornamental plant development, business management, employment criteria and selection, price standard determination, special organization for ornamental plant traders, and the business income. Regarding the research, analysis unit was individual, male and female, who were involved in the development of ornamental plant business with assumption that individual action in the development of ornamental supported by the whole family members following Weber's terminology [8; 9; 10] of methodological individualism. Analysis was conducted on qualitative data obtained from information on incidence and motivation that underlies the social action of actors involved in ornamental plants cultivation process and sales.

RESULT AND DISCUSSION

Ornamental plant business is type of business chosen by a society as the livelihood to fulfill daily life. Currently, the business gained much interest from some people in Indonesia. The main reason for doing the business was hobby and the love of ornamental plants, hereditary business, and economic profit. In addition, opportunity in ornamental plant business was considered as enough to give economic hope. At the beginning of their business, ornamental plant traders started with minimum investment. Ornamental plant traders developed their business through various processes. Due to their tenacity and persistence, their business continued to develop. Each trader had different process in developing their business.

Business experience and skill to see economic opportunities of a business also influenced someone in selecting what business to conduct; therefore, when ornamental plant traders saw that the business had more promising economic gains they would shift from their previous business. Regarding profit from conducting a business, business actors should understand strategies and prospect of business to be conducted before selecting the type of business. Whether the business would have long term run with promising economic profit or in short term. Hereditary condition of a business established by the parents encouraged one of ornamental plant trader to continue the business.

The reason for a good prospect of ornamental plants was due to the huge number of ornamental plants lover as well as greening or conservation program conducted by Indonesian government. Greening program initiated by government set that in the development of a building it should consist of 60% of

land for building and 40% for open space including park. Due to the program, ornamental plant business has a good prospect in the future since government would need more plants to be used for greening program. The policy, however, has not been applied by the society due to limitation in land for building and less awareness among the society on green environment. Support and solution from the government are needed for the implementation of the policy among all societies. Although land availability is limited a park is still available for greening program.

GEOGRAPHICAL POSITION OF ORNAMENTAL PLANT BUSINESS

The geographical position of Mungkid Subdistrict is strategic with easy transportation access due to the close proximity to the main road of Yogyakarta – Magelang – Semarang. In addition as the capital of Magelang Regency, Mungkid Regency is located in the tourist track of Borobudur and Mendut Temples known among domestic and foreign tourists.

The area of Mungkid Subdistrict is part of Magelang Regency area. Its topography consists of cup-like shape high land since it is surrounded by five mountains of Merapi, Merbabu, Andong, Telomoyo, and Sumbing and Menore Mountains. The condition has made most of area in Magelang Regency, including Mungkid Subdistrict, to be a water catchment area; therefore the soil is fertile due to the abundance of water and volcanic ashes. Most of flower, annual and perennial plants could grow and develop in natural environment of Mungkid.

The existence of ornamental plant business has no bad influence on the surrounding people since the business has no waste that could disturb their convenience, instead they received benefit since the sales area turned into a beautiful place and it was more tidy. The reason for the establishment of the business by ornamental plants trader was the influence of family member since the business was a hereditary business. Moreover, hobby in maintaining ornamental plants, economic opportunity and profit factors, and long term instead of annual business prospect were among other reasons.

Ornamental plants business in Mungkid Village started to occur around 1997 where some traders started their business only with perseverance and sincerity to develop their self-potential in the business. Initially, the traders conducted their business in micro scale in a small and simple shop and the types of plants marketed were few. Currently, the sales area experienced rapid progress with area around 3 hectares and 24 traders and more than 120 workers. The ornamental plants sales area spread widely with various types of ornamental plants available for consumers and the plant lovers. Besides a sales area, it is also used as a residence for traders and workers. In addition, a praying room was in the same place as sales area. The environment in the area was maintained well and neat thus customers felt comfortable in the area as well as enjoyed the plants. The traders did not use their own land instead they rented it from local people to build their business. The land owner gained benefit since their land was used for ornamental plant business.

Traders or workers and land owners had good relationship, especially, in terms of security and social. Strong intention supported with persistence action and accuracy in using own strength and potential, sharp observation on opportunity as well as determination to face risks had brought success to ornamental plant traders. In addition to individual ability and location as the determinant factors for business success, the presence of information media and means of communication supported the success rate in the business.

Generally, ornamental plant traders were within the productive age groups who followed their parents' footsteps. They had been introduced with ornamental plants since teenager and along with their age they continued to build their love and understanding on the plants and bound in the plants cultivation. This business involved more than just traders. It also involved breeders, distributors and workers. Most of them had family relationship as a child, siblings, parents, and uncles or aunties and they came from various cities such as Malang, Bandung, Jakarta, Yogyakarta, Baturaden and Tawangmangu. Traders did not use their own land in building their business, instead they rented to the local people and the land owners gained benefit since they land was used as a place for ornamental plant business.

BUSINESS STRATEGY OF ORNAMENTAL PLANTS IN RURAL SOCIETY

Competition is existed in business world and in order to anticipate it, a strategy is needed. Strategy is something related to the implementation and planning of an activity in certain period. Each trader had their own business strategy in order to survive and develop in the middle of competition among ornamental plant traders.

Various business strategies applied by traders were good customer service and satisfaction, increasing the type and quality of marketed ornamental plants, and maintaining clean and neat ornamental plant shop. Another strategy applied were business promotion as an effort to market the plants and develop broader networking so that the business could develop further. Storing and accommodating scarce ornamental plants that can be sold in high price when the demand for the plant is high was also one of business strategies applied by traders.

In addition to those strategies, marketing strategy is also important for a business. Marketing strategy is a way chosen by business owner to sell a good or service in order to market their products. Similarly, ornamental plant business needed good and appropriate marketing strategy in order to gain buyers and consumers because it was them who brought profit for the traders.

Ornamental plant traders had their own marketing strategy that enabling them to market their business and gained as maximum profit as possible. The marketing strategy applied was not merely in term of ornamental plants buy and sell but also flowers rental for decoration in a hotel or an office for landscaping. Generally, the traders conducted marketing strategy by giving information on their plants as well as by putting their business phone number on a banner installed in their business place.

A trader named Mr. Tiptop stated that a tender for a project to build a park in hotel or office would go through various steps as follow: contractor gave a tender to trader to do some landscapes or parks; next, trader conducted survey in the project location; after the survey, trader would have description on park design to be made and adjusted the ornamental plants to it; the next step was a presentation before the client on park concept to be conducted and followed with a bid regarding material to be used for the park; and the last stage was the process to build the park after agreement achieved regarding the bid, the process usually lasted 1-2 months.

The marketing strategy was based on basic education owned by the traders, which was Bachelor's Degree in Architecture. With this background of education, he had knowledge, ability and skills in landscaping. The marketing strategy was differed to those applied by other traders. Mr. Aziz had similar strategy where he also rented plants and had clients from hotels that often bought his plants. The rental system applied by Mr. Aziz was for 1 year and the price was in per plant or per pot based; whereas, the

payment system was conducted for once a year. Plants rented would be taken for maintenance for 12 times during the rent period and replaced with new plants.

Ornamental plant traders had their own marketing strategies. Some traders approached hotels and offices to market their plant based on the consideration that it could give huge profit. However, other traders applied rental system for the plants with certain requirements that should be fulfilled by the renters. Another marketing strategy applied was by selling the plants to buyers who came directly to the selling location. The purchasing could be in bulk purchasing for any buyers who wanted to resell the plants or individually for anyone who only wanted to buy plants to be planted in their house yard. The success of the business depended on marketing strategy applied by each trader.

ORNAMENTAL PLANTS DISTRIBUTOR

Distributor is one of aspects in marketing. Distributor is an intermediary that distribute product from manufacture to retailer. Ornamental plants traders in Mungkid Subdistrict cooperated with distributors from out of town to buy seedlings and resell it. However, traders also bred their own seedlings.

Traders received supply of seedlings from Malang, Madura, Bandung and Sumatera. In addition, they also received other offer of ornamental plants stock. In average, all traders received supply from the same cities; thus, they cooperated to obtain seedlings from the same distributor so that the seedlings could be sent at the same time.

OBSTACLES FACED IN DEVELOPING ORNAMENTAL PLANTS

Each trader had different obstacles in running their business. The first obstacle was less skillful workforce with specific skill to help in ornamental plants maintenance such as in seedling process or during high demand season that overwhelming for the owner to meet. The second obstacle was extreme weather especially during uncertain rainy season that could cause damage and rot on plants. In addition, polluted water source for watering also another obstacle since it influenced the appearance of the plants since the plants look dirty. The third obstacle was seedling availability limitation and pests and diseases.

It was reasonable for those obstacles to occur among the traders since every business would face obstacle. There were no businesses without obstacles. However, those obstacles were faced by the flower growers patiently.

BUSINESS MANAGEMENT

The importance of management for a business is to arrange activities for the business to run well and achieve optimum goals. The goals run well if the owners could develop knowledge, technology, and ability, as well as able to assign work tasks and responsibilities to others. Therefore, management is needed in running a business in order to be developed as the plan.

Traders were differed in managing their business. Each trader had their own management to develop their ornamental plant business. One type of business management applied by the trader was work force recruitment. The employee and employer cannot be separated in a business since both plays important role in business activities. Each trader had different number of employees depend on the size of their business. There were even traders who had no employee in running their business.

A trader stated that he had no employees but his children and wife helped him running the business. In addition, his business was small compare to others. The land he rented for the business was only 100 meter. Similar condition also occurred among those traders who had no employees. On the other hand, traders who had employees often faced obstacle if they wanted to recruit more employees since they required employees with skills in ornamental plants maintenance. The main duty of the employees was to maintain the plants in determined working hours. The owner (employer) played important role in the development and sustainability of a business, especially for macro business. However, they would also need employees since they had limitation in running the business. Having skillful employees to maintain the plants would bring influence on their business.

One trader stated that there were two criteria for employee recruitment: a) they should be smart and expert in plant layout; and b) they should be strong since their job would be related to plant big plants and they should be tenacious, hard work and responsible to the work. Another criteria used was that employees should have discipline, responsibility and honesty.

Employee recruitment should consider skill. Regarding ornamental plant business, the employees should have skill in agriculture since they need to maintain various types of ornamental plant. Specialization, skill and expertise were important criteria for employee selection so that traders did not have to teach them again on how to maintain the plants since they already had understanding on their works.

THE DETERMINATION OF PRICE STANDARD FOR ORNAMENTAL PLANTS

Price standard is a cost set and expensed to make a product or to fund certain activities. In ornamental plant business activities, different price standard was given to each plant based on the type of plant. Therefore, traders had no specific standard for ornamental plants except for plants that was a trend during a certain time, such as *gelombang cinta* (*Anthurium Plowmanii*) was a trend some time ago and it had certain price standard that could reach up to millions rupiah due to the high demand on the plant. In addition to *gelombang cinta* other anthurium plants also had significant price compare to other types of plant. However, currently those plants were no longer hounded by the collectors thus the price back to normal and similar to other plants.

Traders had no specific price standard for ornamental plants sold, but the price would be based on the market price. The appearance of consumers who came to the shop could also be the base for the price. Consumers who came by car would be given different price than those who came by motor bike. Socio-economic status of the consumers was one of determinants for price standard of the plant. The more luxurious the car brought by the consumer, the higher the price of the plant. It means that the price of the plants followed the appearance of the consumers.

Beside consumers' appearance, price standard would also base on wholesale price (from distributor). Initially, standard price determination was set by established organization; however, based on various considerations the determination was finally given to each trader.

SPECIFIC ORGANIZATION FOR ORNAMENTAL PLANTS

Organization is formed due to a group of people with similar goals. Ornamental plant traders formed an organization due to similarity in business. The organization held weekly meeting to discuss on ornamental plants and provided funding in form of savings and loans for traders with less capital. In addition, the

organization was a form of relationship among traders and they also conducted regular communal Quran reading at each trader home.

Some traders stated that there was an organization for ornamental plant traders; however, the organization was no longer active due to specific rules that should be agreed by the traders, such as price determination. The rule was a burden for traders with poor sales. In addition, if there were traders who gave different price than those set by the organization, they had to pay certain fine. Due to inability to follow rules set by the organization, traders decided to dismiss the organization. Since then, the price was determined by traders themselves. Former members of organization who often gathered were mostly from other areas such as West Java. They came to Mungkid Subdistrict to establish their ornamental plant business. Due to similarity in language and since they were not originally from Magelang they formed an organization and it still active.

CONCLUSION

Ornamental plant traders had their own business and marketing strategies. Some traders approached hotels and offices to market their plant since they considered it could bring more profit. Other traders, however, applied rental system of ornamental plants with certain requirements that should be fulfilled by the renters. Another marketing strategy applied was by selling the plants to buyers who came directly to the selling location. The purchasing could be in bulk purchasing for any buyer who wanted to resell the plant or individually for anyone who only wanted to buy plants to be planted in their house yard. The success of the business depended on marketing strategy applied by each trader. The traders run their business by building cooperation with ornamental plants distributors from other areas in Indonesia.

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