Beef Cattle Business: Sustainable Plan Strategy

Siwitri Kadarsih

Program Study Doctor Management, Faculty of Economy and Business, University of Bengkulu

ABSTRACT

This research aims to examine the cattle business planning strategies in order to compete and sustainable. Data obtained by secondary data and literature study, then performed a qualitative descriptive analysis. Cattle are very promising businesses with the opportunities that are very wide. This is because the need for increasing the consumption of meat of beef. Beef cattle population in Indonesia in 2014 was 14,726,880; while, beef meat consumption was 2.36 kg/yr/capita. In the next 10 years a new trend of beef meat consumption is about 4 kg/yr/capita. This is far from the standard needs for animal protein in Indonesia that is 6 g/capita/year which is equivalent to 10.3 kg of meat, eggs 7.6 kg and 6.5 kg milk/yr/capita. Therefore livestock business needs to be maximized by using business planning strategy so that the businesses are able to compete and the livestock sustainable.

Key words: cattle business, planning strategies, sustainable

INTRODUCTION

Every business, include livestock business, needs to do a planning in any activities, good production planning, planning of the recruitment of new employees, new product sales programs, as well as budget planning. Planning (planning) is the foundation for a beef cattle business process to pick targets and define how to achieve it. Therefore, companies must establish goals and objectives to be achieved before the planning process of Beef cattle business conducted with patterns of small and medium businesses up to the enterprise level and industry. Cattle are needed to meet the needs of their animal protein for humans. The trend and the total beef cattle Indonesian population in 10 years from the year of 2014-2024, as well as the national meat consumption trend can be seen in Table 1.

Table 1 shows that the consumption of beef in Indonesia continues to increase along with the increasing population. Thus that the beef cattle business has bright prospects and promising. Moreover, judging from the need for animal protein in Indonesia is 6 g/capita/day has not fulfilled the beef cattle business has a huge opportunity. If viewed from the livestock population which includes cattle, buffalo, goat, and sheep; cattle showed the highest growth, 5.21%, with a production of 523,927 million tons in 2015.

From the table it can be seen the demand for beef cattle production for sufficient protein from animal origin. Therefore, planning is necessary, because the planning is a process management basis in taking decisions and actions. Planning is needed in the business of livestock, as companies and industries, and in the planning of any management functions, because these functions can only implement the decisions that have been set in the planning.

In this globalization era, the planning must rely more rational and systematic procedures and not just on intuition and gut feeling (alleged). Nationally, beef cattle businesses both small and medium scale has a notch, and the potential role of a very important and strategic in order to realize the goal of national development in general and economic development goals in particular. This role can be seen in terms of providing business opportunities, jobs and increased exports. It can be seen that the small and medium-sized businesses livestock better able to survive much longer in the face of economic crisis, because it has the characteristics of a more flexible and better utilize local resources that can be relied upon to support the economic resilience.
Table 1. Trends in consumption of beef nationally (BPS and PKH, 2014)

<table>
<thead>
<tr>
<th>Year</th>
<th>Beef consumption Kg/capita/year</th>
<th>National consumption of beef (tons)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>2.36</td>
<td>497,670.00</td>
</tr>
<tr>
<td>2015</td>
<td>2.56</td>
<td>593,516.62</td>
</tr>
<tr>
<td>2016</td>
<td>2.72</td>
<td>684,884.27</td>
</tr>
<tr>
<td>2017</td>
<td>2.88</td>
<td>729,910.96</td>
</tr>
<tr>
<td>2018</td>
<td>3.04</td>
<td>774,937.66</td>
</tr>
<tr>
<td>2019</td>
<td>3.20</td>
<td>819,964.36</td>
</tr>
<tr>
<td>2020</td>
<td>3.36</td>
<td>864,991.05</td>
</tr>
<tr>
<td>2021</td>
<td>3.52</td>
<td>910,017.75</td>
</tr>
<tr>
<td>2022</td>
<td>3.68</td>
<td>955,044.45</td>
</tr>
<tr>
<td>2023</td>
<td>3.84</td>
<td>1,000,071.14</td>
</tr>
<tr>
<td>2024</td>
<td>4.00</td>
<td>1,045,097.84</td>
</tr>
</tbody>
</table>

More detail can be seen in Table 2 of livestock population and livestock production in Indonesia.

Table 2. Population and production livestock in Indonesia

<table>
<thead>
<tr>
<th>No</th>
<th>Livestock type</th>
<th>Population (000)</th>
<th>Production (000) ton</th>
<th>Production (000) ton</th>
<th>Increase population for 2014 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Beef cattle</td>
<td>14,726.88</td>
<td>497,670</td>
<td>15,494.29</td>
<td>5.21</td>
</tr>
<tr>
<td>2.</td>
<td>Buffalo</td>
<td>1,335.15</td>
<td>35.24</td>
<td>1,381.33</td>
<td>3.46</td>
</tr>
<tr>
<td>3.</td>
<td>Goat</td>
<td>18,639.53</td>
<td>65.14</td>
<td>18,879.60</td>
<td>1.29</td>
</tr>
<tr>
<td>4.</td>
<td>Sheep</td>
<td>16,091.84</td>
<td>43.61</td>
<td>16,509.33</td>
<td>2.59</td>
</tr>
</tbody>
</table>

However, medium-sized businesses livestock in development still faces many problems that need attention from various parties. According to Riyadi, (2001): states: (1) low productivity, human resources and management that is not professional, less responsive to changes in technology and lack of capital, (2) access to markets is not adequate, including the distribution network that serves as a marketing channel is not running efficiently, (3) the absence of signs of improvement in the national economy, and (4) the challenges of the development of free trade both within the framework of cooperation AFTA, APEC, and the GATT/WTO which will have an impact on increasing competition.

The subject of this paper focuses on certain elements of the planning process and the process that is highly correlated with problem solving and decision making in the business of cattle. Then introduce the concept of planning and presenting a number of approaches to streamline the planning of various types. In the management, planning is the process of defining the organization’s goals, create a strategy to achieve that goal, and develop a plan of work activities of the organization. Planning is the most important process of all management functions since no other functions of planning organizing, directing, and controlling will not be able to walk.

Basically, many beef cattle business organization that has been running less attention to the role of business strategy in the development of their business which is competitive and sustainable. Therefore, it is necessary to study empirically planning strategies to improve business performance of livestock.

The purpose of this test is to determine how far the role of strategic planning in the development of beef cattle business which is competitive and sustainable. It aims to: (1) determine the sense of planning; (2) know the kinds of planning; (3) determine the role of planning in improving business performance cattle, 4). know the role of strategic planning in improving business performance cattle.

**MATERIALS AND METHODS**

Writing methodology by using secondary data and literature related to the assessment and the data were analyzed by qualitative description.
RESULTS AND DISCUSSION

Basically the plan is intended to give answers to the questions what, who, when, where, why, and how. So, planning is the function of a manager associated with the selection of a set of activities and termination of the objectives, policies and programs are conducted. Strategic planning according to (Shrader, Taylor and Dalton, 1984) is a long-term planning that is written which involves a series of agreements the mission and goals of the company. Some dimensions of the strategic plan have been presented (Frederickson, 1986) according to categories namely: initiation process, rule of purpose, meaning and end of the relationship, the explanation of the implementation of strategic and integrated decision level.

Three levels of the business strategies used in beef cattle include: 1. Corporate strategy Purpose: allocation of resources total, in the company is used at the corporate level; 2. The business strategy (business strategy): business strategy for one product line. This strategy is used at the division level; 3. Functional strategy (functional strategy): leads to specific functional areas to operate. This strategy is used at the functional level as research and development, resources, manufacturing, marketing, and others.

The planning process consists of three main components (Armstrong, 1982 in Shrader et al., 1989; Robinson and Pearce, 1984), namely: (1) formulation, which includes the development of the mission, the determination of the main objective, the assessment of external and internal environment and the evaluation and selection of alternatives; (2) the application; and (3) control. Orpen (1985) states that the profitable enterprise planning small companies by encouraging them to seek new alternatives in order to increase sales and their competitive position. According Bracker et al. (1988) suggested that careful planning of small companies by encouraging them to seek new alternatives is a more effective way to increase sales and their competitive position. Based on the results of research Rue and Ibrahim (1998) and Shrader et al. (1989), states that top managers or CEOs of small to medium companies indicated planning company in general done alone, which means a top manager or CEO and planner. For example: on strategic planning in the industry Balance Score Card.

According to Setiawan (2011), strategic management is a series of managerial decisions and actions that determine the performance of the company in the long term. Including observations of the environment (external and internal), the formulation of strategies (long-term planning), strategy implementation, evaluation, and management science, strategic emphasis on observation and evaluation opportunities (opportunities) and threats (threats) environment to see the strength (strengths ) and weaknesses (weaknesses) of the company. The task of strategic management is the best use of the resources of the organization in a changing environment. Glueck and Jauch in Setiawan (2011) stated that the strategic management of the flow of decisions and actions that lead to the development of a strategy or strategies effectively to help achieve the goals of the company.

Performance measurement or performance are complex and is a major challenge for researchers (Beal, 2000) as a construct of performance that is both multidimensional and therefore the measurement of performance with the dimensions of a single measurement is not able to provide a comprehensive understanding (Bhargava et al., 1994). So that the measurement of performance measurement should use or integrate diverse (multiple measures) (Bhargava et al., 1994; Venkatraman and Ramunajam, 1986), Beal (2000) suggests that there is no consensus on the most appropriate measure of performance in a research and objective measures of performance that has been used in many studies are still many shortcomings. Furthermore Sapienza et al. (1988) suggested that performance measures based organizations have a shortage of accounting and finance than caused by the variation of the accounting method, also caused by the tendency of manipulation of figures from the management so that the measurement becomes invalid. To anticipate unavailability of objective performance data in a study, it is possible to use a subjective measure, which is based on the perception of managers. (Beal, 2000), Zahra and Das (1993) proved that a subjective performance measures have high levels of reliability and validity high.

Besides research (Voss and Voss, 2000) showed a close correlation between subjective performance measures and objective performance measures. Based on the description above, the company's performance is measured by using a cattle Subjective measurements are based on the perceptions of staff and managers of the company on various dimensions of corporate performance measurement. Dimensions of performance measurement that are commonly used in various studies is
growing (growth), profitability (profitability) and efficiency (Murphy et al., 1996). Wicklund (1999) asserts that sales growth is a performance indicator that is highly prevalent and has become the consensus as the best measure of growth dimension. Further, He adds that growth, fueled by rising on product demand the company offered significant increase in sales. Indicators selected growth is the growth of the market share (market share). According to Bhargava et al. (1994) growth in market share can be used to mengkurt effectiveness of the market, in addition to assessing the company's ability to achieve scale efficiency and strength market (market power). Dimensions profitability intended to determine the company's ability to generate profits and to know how much the company is managed effectively. Indicators of profitability used adopting research from Shrader et al. (1989); Rue and Ibrahim (1998) the ROI (Return On Investment). The ROI is calculated from the net profit after tax EAT (Earnings After Tax) divided by total assets.

**Competitive Advantage**

The concept of competitive advantage the company has been developed from the generic strategy stated Porter (1985). It can indicate a competitive advantage variables are imitability, durability, and ease of equaling. Competitive advantage is the heart of the company's performance in the competitive market. Excellence companies basically grew from a value or benefit that the company could be created for its buyers. If then the company is able to create excellence through one of the three generic strategies, it will get the competitive advantage (Aaker, 1989).

In order to improve corporate performance, competitive advantage is seen as something that can be used in or as a corporate strategy. Competitive advantage can be understood by looking at the company as a whole, come from a lot of different activities undertaken by the company in the design, manufacture, market, deliver and support the sale (Porter, 1999). So that competitive advantage is a position that is still being worked on organization as an effort to beat the competition. Approach resources based (RB) look at economic activity or business of the utilization of resources and capabilities, not according to the markets served. Utilization of resources and capabilities in order to build competitiveness directed at businesses capture opportunities cope with various threats in the competition, so that from this condition built the strategy to inhibit competitors such as the difficulty to be imitated (barriers to imitation) (Syafar, 2004).

D'Aveni (1994) in (Syafar, 2004) states excellence essentially dynamic, and can not be sustained. Competition today and in the future should be viewed as a competition with high dynamic rather than a static so we need to go through it with some strategic thinking. Lado, BYOD and Wright (1992) in a top model of sustainable competitive advantage acknowledged that managerial productivity in business performance with strategic selection approach will focus attention on important organizational variables to create and sustain competitive advantage.

Barney (1991) argues that sustainable competitive advantage that comes from valuable resources, rare, difficult to imitate and substitutability. Capabilities and resources substitutability said the two meanings, the first can not be imitated or it can replace similar resources owned by competitors. Kaplan and Norton (1996) states that steer the company in the current competitive environment across the complex and complicated. This illustrates that every company, especially in the livestock business must have the knowledge and business strategy so that the company can be well controlled so as to compete in the markets it enters.

Measuring the performance of the organization Business livestock may use the Balanced scorecard is a mechanism management system that is able to translate vision and strategy into real action on the ground. Excellence BSC approach in the system of strategic planning (Mulyadi, 2001) is capable of producing a strategic plan, which has the following characteristics: (1) comprehensive, (2) a coherent, (3) balanced and (4) measurable. The company uses a balanced scorecard as a strategic management system for managing long-term strategy, the aim is that companies are able to compete with other similar industries in order to survive (survive).

Business development in the field of industrial enterprises livestock are changing rapidly and the methods of strategic planning which pays great attention to anticipate the changes that occur in the future, then the application of strategic planning is an urgent requirement and should be implemented as much as possible, considering the environment are also always changing and increasingly difficult to predict the future (Basri, 2005). Some research on strategic planning (Armstrong, 1982) as well as the theory put forward (Hax and Majluf, 1991; Higgins and Vienze, 1993; Pearce and Robinson, 1994) that
the process of strategic planning consists of 3 components namely (1) formulation, which consists of mission development, goal setting, assessment of internal and external environment as well as the evaluation and selection of alternative strategies, (2) implementation, (3) monitoring / control. Anderson (1982), through his paper explains about the relationship between the development of small and medium enterprises with growth rate or level of economic development of a region that became known as the "stage theory". The theory explains that (a), The country is still underdeveloped economic level, the level of real per capita income is low on the household industry is dominant (based on the level of employment) (b), Countries that have developed the level of economic development, the level of real income per capita is higher in small industries and medium scale industries especially the larger more dominant.

Anderson (1982) also states that the structure of small industries increasingly changing with the development of an area where small industries that make goods more modern more than the small industries that produce traditional goods, such as livestock business is that having clear objectives based agreed vision and mission of its founder. To realize these goals required a way to achieve that is commonly referred to as a strategy. Furthermore drafted the plan, policies to the achievement and program of action. In practice, it could be an element of the above changes as a result of non-fulfillment of the assumptions used in planning, such as resources obtained are not in line with expectations. Enlarge market share in the middle of the competition is getting sharper (Allison and Kaye, 2005). One key to the success of strategic planning is on the selection of the market and the determination of how to compete in the competition (Moller and Broderick, 1998; Sashi and Stern, 1995). The location of the competition is the differentiation of products and services in selected markets to their competitors.

Referring to the idea of Porter (1980) regarding the competitive advantage can be achieved through various strategies one of them with good business strategies that cost leadership, differentiation and focus. Theories regarding the strategic plan explains that the strategic plan is complex and consists of several aspects (Boyd and Elliot, 1998; Hitt, Ireland and Hoskisson, 2001; Johnson and Scholes, 2002; Kukalis, 1991; Veliyath and Shortell, 1993; Wheelan and Hunger, 2002) which have an influence on the company's goals, learning, innovative management, competitive positioning and a sustainable competitive advantage.

A sustainable competitive advantage can be achieved when management capabilities in creating and implementing a strategy that will withstand the competition and be able to create competition in the long term (Bharawaj, Varadarajan and Fahy, 1993; Grant, 1995; Mahonney & Pandian, 1992; Rumelt, 1984 ), corporate culture and managerial behavior (Bailey, Johnson and Daniels, 2000; Haberberg and Rieple, 2001; Hart and Banbury, 1994; Lynch, 2000; Miesling and Wolfe, 1985; Venkatraman, 1989). So that its influence can be seen in the change and development of an organization.

Furthermore, the development of strategic planning is the creation of sustainable competitive advantage. This is achieved when the ability of management and use of creation and implementing the strategy in order to hold the advantage of being much going impersonation, able to create resistance factor in the long term (Bharawaj, Varadarajan and Fahy, 1993; Grant, 1995; Mahoney and Pandian, 1992; Rumelt, 1984). Based on the research of experts in general, concluded that planners beat non-planners, the thinking is that the company has a formal plan is superior compared to the plan informally, because the process of writing the plan require to pour ideas and objectives for thoughtful (Hopkins and Hopkins 1997; Rue and Ibrahim, 1998; Shrader et al.,1989).

CONCLUSION

Planning has a strategic role in developing the livestock business organizations are able to compete and sustainable because of the strategic management process, planning is crucial to achieve the goals and objectives of the organization.
REFERENCES


