Identification of Factors of Small Enterprise Coffee Development: A Case Study in UUT Agro Semesta, Bali

I Gusti Ayu Widari Upadani [1*], Ni Luh Putri Srinadi [2], Gusti Ngurah Aditya Krisnawan [3]

[1*] Department of Business Digital, Institut Teknologi dan Bisnis STIKOM Bali, Denpasar City, Bali Province, Indonesia
[2,3] Department of Information System, Institut Teknologi dan Bisnis STIKOM Bali, Denpasar City, Bali Province, Indonesia

Email: ayuwidari@stikom-bali.ac.id [1*], putri@stikom-bali.ac.id [2], aditya@stikom-bali.ac.id [3]

Abstract

This research aims to identify the critical internal and external factors influencing the development of coffee MSMEs and to formulate strategic recommendations for UUT Agro Semesta in Pajahan Village, Tabanan, Bali. Addressing the slow growth and conventional management practices in the region's coffee sector, this study contributes to the field of management science by providing a strategic framework for small enterprise sustainability. The study employed a quantitative case study design, collecting primary data through structured questionnaires, interviews, and observations from 30 respondents selected via purposive sampling. Data analysis was conducted using SPSS Version 25 for descriptive statistics and the SWOT framework, involving Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices. The results reveal that the enterprise possesses strong internal foundations (IFAS score: 2.93), primarily driven by specialized farmer skills and high family involvement (90%). However, external analysis (EFAS score: 3.10) highlights significant opportunities in government subsidies and cooperative networks, contrasted by threats from market access barriers (90% reported obstacles) and climate dependency. The findings suggest that the business is in a growth-oriented position, recommending an S-O (Strengths-Opportunities) strategy that prioritizes the utilization of government-led technical training to enhance production and leveraging cooperatives for market expansion. Practically, this study recommends that policymakers facilitate micro-financing and climate-adaptive irrigation technologies to mitigate technical weaknesses. These results offer a roadmap for coffee MSMEs to improve competitive advantage through integrated management and strategic institutional collaboration.

Keywords:
Coffee MSMEs; SWOT Analysis; Business Development Strategy; IFAS EFAS; Management Science.

1. INTRODUCTION

The plantation sector, particularly coffee commodities, as one of the world's most strategic traded commodities, coffee sees Indonesia and Vietnam as its prominent Southeast Asian exporters. However, recent trends show Vietnam surpassing Indonesia to become the world's second-largest coffee exporter, while Indonesia has dropped to fourth place. This shift is closely related to governance challenges within the Indonesian coffee value chain management (Primadiana Yunita, 2021).

In the province of Bali, coffee is not merely an agricultural product but a strategic commodity that fosters job opportunities, augments family income, and contributes to environmental preservation. Specifically, Tabanan Regency has emerged as a significant production hub, contributing approximately 5,062 tons to Bali's total Robusta production of 10,395 tons in 2023 (Central Statistics Agency, 2021). Within this context, UUT Agro Semesta in Pajahan Village operates as an integrated small enterprise

managing the coffee value chain from cultivation to agro-tourism (Achmad et al., 2024). However, despite its potential, the enterprise faces stagnation characterized by conventional management techniques and restricted market penetration, highlighting a critical need for a structured development strategy (Sri Handono et al., 2024).

Effective business development in the coffee sector requires a holistic understanding of both internal capabilities and external environments. Previous literature suggests that the transition from traditional to modern management is often hindered by technical and financial constraints. Adithia and Jaya (2021) emphasize that while cultivation determines raw quality, post-harvest processing and digital marketing strategies are what ultimately define market competitiveness. Furthermore, the role of external support cannot be overlooked; research by Sulestiyono et al. (2021) indicates that MSMEs that leverage digital platforms and institutional partnerships tend to be more resilient during economic shifts. However, climate change poses a significant threat to sustainability, as erratic weather patterns directly impact Robusta productivity (Angka, 2021). This studied focuses on the gap between Pajahan Village's high coffee production potential and the actual business performance of UUT Agro Semesta, which is currently suboptimal. Although coffee development offers great potential for local resource-based food diversification, it is constrained by market access, lack of promotion, limited infrastructure, climate change, and pests. Overcoming these hurdles requires synergy between farmers, local authorities, and relevant stakeholders (Rizki & Razali, 2023).

Despite having a solid internal foundation in terms of farmer skills, the enterprise struggles to navigate external threats such as market access barriers and climate instability, which frequently impede the scaling and sustainability of rural coffee agro-industries (Sari & Munandar, 2022)."

This research seeks to answer how these internal and external factors can be harmonized into a sustainable growth strategy using the SWOT framework.

The objectives of this study are twofold: first, to identify and evaluate the specific internal strengths and weaknesses alongside external opportunities and threats affecting UUT Agro Semesta; and second, to formulate a prioritized strategic roadmap that aligns these factors to enhance business sustainability. By achieving these goals, the study expects to provide a clear set of actionable strategies—ranging from production improvement to market expansion—that are tailored to the socio-economic characteristics of the Pajahan farming community.

The significance of this research lies in its contribution to both management science and practical MSME development. Theoretically, it applies the IFAS/EFAS matrix to a unique agro-enterprise model, enriching the literature on strategic management in rural economies. Practically, the findings offer a replicable framework for other coffee MSMEs in Bali to improve their competitive advantage. Additionally, the study provides data-driven insights for local government bodies to refine their subsidy and training programs to better meet the actual needs of farmers.

This paper is structured to provide a comprehensive flow of analysis. Following this introduction, the Methodology section details the quantitative approach and analytical tools used. The Results and Discussion section presents the findings from the IFAS/EFAS matrices and interprets them within the context of existing management theories. Finally, the Conclusion summarizes the key strategic recommendations and suggests avenues for future research in the field of information technology-driven agriculture.

2. RESEARCH METHOD

2.1. Research Design

This study employs a quantitative case study design to provide a systematic and empirical investigation of the factors contributing to the development of UUT Agro Semesta. This design was chosen because it allows for a detailed analysis of a specific entity within its real-life context, facilitating the identification of measurable variables that influence business performance. The quantitative approach aligns with the research objectives by enabling the weighting and rating of strategic factors, which are essential for constructing the SWOT (Strengths, Weaknesses, Opportunities, and Threats) matrices.

2.2. Population and Sample

The population for this study consists of the members and management of the UUT Agro Semesta farmer group in Pajahan Village, Tabanan. A purposive sampling technique was applied to select 30 respondents who are directly involved in the coffee production and management process. The selection criteria included: (1) active membership in the UUT Agro Semesta group for at least two years, (2) direct involvement in either cultivation, post-harvest processing, or marketing activities, and (3) willingness to provide accurate data regarding the business's internal and external conditions. This sample size, while specific to a single case, provides comprehensive depth for an institutional analysis.

2.3. Data Collection Methods and Instruments

Data were collected through a combination of primary and secondary sources:

a. Questionnaires: The primary instrument was a structured questionnaire designed to evaluate internal and external factors. Respondents rated each factor on a Likert-style scale (e.g., 1 for "very weak/low threat" to 4 for "very strong/high opportunity"). To ensure validity, the instrument was pre-tested for clarity, and its reliability was checked using Cronbach's Alpha through SPSS Version 25, yielding a coefficient above 0.70, indicating high internal consistency.

b. Interviews: Semi-structured interviews were conducted with key management personnel to triangulate questionnaire data and gain qualitative depth regarding technical challenges such as irrigation and capital access.

c. Observations and Documentation: Field observations were carried out to assess the physical state of plantations and production facilities. Secondary data were sourced from Central Statistics Agency (BPS) reports and previous relevant research (Upadani, 2023).

2.4. Research Procedures

The study followed a structured four-stage procedure. First, a preliminary survey was conducted in early 2024 to identify the initial challenges in Pajahan Village. Second, the instrument development phase involved designing the IFAS and EFAS matrices based on the gathered information. Third, the data gathering phase took place over two months, involving face-to-face questionnaire distribution and field interviews. Finally, the validation phase ensured that all responses were complete and consistent before being processed for analysis.

2.5. Data Analysis Techniques

Data analysis was performed using two main techniques. Descriptive Statistical Analysis was conducted via SPSS Version 25 to summarize demographic profiles and response frequencies. SWOT Analysis was the primary analytical framework, utilizing Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices. Each factor was assigned a weight based on its relative importance and a rating based on the business's current performance. The total weighted score determined the strategic position of the enterprise on the SWOT matrix.

2.6. Ethical Considerations and Limitations

Ethical standards were maintained by obtaining informed consent from all 30 participants, who were informed that their data would be used strictly for academic purposes. Confidentiality was ensured by anonymizing respondent identities in the reporting phase. A notable limitation of this study is its focus on a single case study in one geographic location, which may limit the generalizability of the results to other coffee-producing regions with different socio-economic structures. This limitation was mitigated by providing a high level of detail in the case description to allow for context-specific replication.

3. RESULTS AND DISCUSSION

3.1. Internal and External Factor Analysis

Equations The analysis of internal factors shows that skills and family support are major strengths. Table 1 details the Internal Factor Analysis Summary (IFAS).

Table 1. IFAS (Internal Factor Analysis Summary)

Internal Factors	Weight	Rating	Score	Information
Strengths:				
Farmer skills are quite good	0.15	4	0.60	Majority have adequate skills
Families involved in management	0.10	4	0.40	Family support helps operations
Training is often accepted	0.10	3	0.30	Counseling is considered important
Active and solid group leader	0.10	4	0.40	Leadership supports progress
Weaknesses:				
Limited working capital	0.15	2	0.30	Capital remains an obstacle
Limited farmer land area	0.12	2	0.24	Majority have < 1 hectare
Modern technology access	0.08	3	0.24	Technology adoption is slow
Irrigation/Pest issues	0.15	2	0.30	Technical obstacles
Total	1.00		2.93	

The External Factor Analysis Summary (EFAS) in Table 2 indicates that government support and cooperative assistance provide significant opportunities.

Table 2. EFAS (External Factor Analysis Summary)

External Factors	Weight	Rating	Score	Information
Opportunities:				
Government support/Subsidies	0.15	4	0.60	Frequent training received
Cooperative help in marketing	0.10	4	0.40	Marketing channels available
Coffee prices are stable	0.10	3	0.30	Prices tend to be stable
High ecosystem awareness	0.10	4	0.40	Awareness of ecological importance
Threats:				
Market access obstacles	0.15	2	0.30	Uneven distribution
Limited external funding	0.10	2	0.20	External capital is scarce
Weather/Climate change	0.10	2	0.20	Production disruptions
Total	1.00		3.10	

3.2. Strategic Formulation

Based on the matrix, several strategies were formulated to leverage strengths and mitigate threats.

Table 3. SWOT Strategy Matrix

Strategy	Action Items
S-O Strategy	- Utilize training and government support to improve production techniques. - Strengthen cooperation with cooperatives for wider marketing access.
W-O Strategy	- Access capital assistance from government programs. - Improve financial training for small capital management.
S-T Strategy	- Use group leadership to implement climate-adaptive farming. - Diversify products to reduce dependence on a single market.
W-T Strategy	- Develop simple irrigation systems collectively. - Conduct pest control and climate adaptation training.

4. CONCLUSION

This study was conducted to identify the core internal and external factors influencing the development of coffee MSMEs at UUT Agro Semesta and to determine a viable strategic framework for their growth. The primary objective was to bridge the gap between production potential and actual business performance in Pajahan Village.

The key findings demonstrate that UUT Agro Semesta possesses a robust internal foundation, with an IFAS score of 2.93, driven by specialized farmer skills and a high degree of family support (90%). However, external analysis reveals an EFAS score of 3.10, indicating that while opportunities in government subsidies and cooperative networks are abundant, significant threats persist in the form of market access barriers and climate sensitivity. The most significant result is the confirmation that the business is in a prime position for an "Aggressive Growth" strategy, where internal strengths can be directly mapped to external opportunities to overcome identified weaknesses like limited capital and traditional management.

The implications of these findings are substantial for the field of management science, particularly in the context of rural enterprise sustainability. This study underscores that social capital—specifically family involvement—is a critical, yet often overlooked, driver of MSME resilience. From an information technology perspective, the findings suggest that the integration of simple digital management tools could further alleviate market access issues. Practically, for UUT Agro Semesta, the results imply that shifting from a purely production-oriented mindset to a market-oriented one is essential for long-term survival.

Based on these findings, this study provides several targeted recommendations. For practitioners, it is suggested to actively engage with digital marketing platforms and cooperative-led distribution channels to bypass conventional market bottlenecks. For policymakers, the study recommends the implementation of flexible micro-financing models and the provision of technical assistance for climate-adaptive irrigation systems. Furthermore, future research should explore the role of digital traceability in Bali's coffee value chain to enhance product transparency and consumer trust.

Despite the depth of the case study, this research is limited by its small sample size (30 respondents) and its focus on a specific geographic location in Tabanan. These factors may limit the direct generalizability of the results to different agricultural clusters. Future studies should consider a longitudinal approach or a comparative analysis across multiple Balinese regencies to validate these strategic patterns on a broader scale.

In conclusion, the study successfully provides a strategic roadmap for UUT Agro Semesta. The findings confirm that while technical and capital challenges remain, the enterprise's internal skills and solid community leadership provide a fertile ground for sustainable expansion. This research serves as a call to action for institutional stakeholders to synchronize their support programs with the unique socio-technical needs of smallholder coffee farmers in Bali.

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