

## DEVELOPMENT STRATEGY OF RICE COMMODITY TO INCREASE FOOD SECURITY IN THE SOUTH LABUHAN BATU SECURITY TO PUSH NATIONAL ECONOMIC GROWTH

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### Abstract

This study aims to analyze the development strategy of rice commodity agribusiness in improving food security and driving national economic growth in South Labuhanbatu Regency. This research is motivated by the still suboptimal management of rice agribusiness, which is characterized by production fluctuations, limited technology adoption, and the weak bargaining position of farmers in the distribution chain. The study used a *mixed method approach* involving 17 respondents consisting of farmers, distributors, middlemen, and absorption partners. Data collection was conducted through observation, in-depth interviews, and documentation studies. Data analysis used SWOT analysis, BCG Matrix, SPACE Matrix, and QSPM. The results show that rice agribusiness in South Labuhanbatu Regency is in the **Strength–Opportunity position, Star** quadrant, and **aggressive strategy**, which indicates high growth opportunities. The QSPM results indicate that **strengthening partnerships between farmers and absorption partners** is a priority strategy with the highest appeal. The novelty of this study lies in the integration of four strategic analysis tools in the context of a regional economy based on food security. The research findings provide policy implications that rice agribusiness development needs to be directed at upstream-downstream integration, strengthening farmer institutions, and price stabilization to support food security and national economic growth.

**Keywords:** *development strategy; agribusiness; rice; food security; economic growth*

### INTRODUCTION

Innovative solutions for national economic growth and improving social welfare can be realized through strengthening the agribusiness sector, especially in strategic food commodities such as rice [1]. South Labuhanbatu Regency has great potential in the agricultural sector, especially in rice production as a primary commodity [2]. However, challenges such as productivity Which fluctuating, limitations access to technology, as well as low Added value for farmers is still an obstacle in increasing food security and encouraging regional economic growth [3]. Therefore, a holistic and innovation-based rice agribusiness development strategy is needed. crucial in create system food Which more sustainable and competitive. Food security is a fundamental aspect of stability economy And welfare public, specifically in area with high agricultural potential [4].

Regency Labuhanbatu South, with land Which fertile And a supportive agricultural ecosystem has a great opportunity to become a rice production center that contributes to national food availability [5]. However, various challenge like change climate, limitations irrigation infrastructure, as well as limited access to capital for farmers hinders optimization this sector [6]. In this context, required policies and rice agribusiness development strategies that can increase productivity and encourage welfare farmer in a way sustainable [7]. The development of rice agribusiness not only plays a role in ensuring food security, but also has a significant impact on regional economic growth [8]. With the implementation of appropriate strategies, such as implementation technology agriculture modern, strengthening institutional farmers, as well as diversification of agricultural-based businesses, the rice agribusiness sector can become motor driving force economy local [9]. Synergy between government, businessmen, and farmer in create ecosystem agribusiness Which productive will

contribute to improvement income public, absorption labor, as well as stability price food [10]. By Because That, study This aims to examine effective strategies in developing rice agribusiness in order to strengthen resilience food and push growth economy in South Labuhanbatu Regency. The following shows the development of rice production in the Regency. Labuhanbatu South from 2018-2024:

**Table 1. Development of Rice Production 2018-2024 Regency Labuhanbatu South (Ton)**

No.	Year	Production Rice
1.	2024	421.57
2.	2023	443.29
3.	2022	410.84
4.	2021	496.21
5.	2020	661.85
6.	2019	258.48
7.	2018	419.97

Source: www.bps.go.id [11]

Based on data on table 1, development production paddy in South Labuhanbatu Regency showed significant fluctuations from 2018 to 2024, particularly in 2019 and 2024, where it declined. In this regard, the effectiveness of regional government management plays a crucial role. speed up Achieving rice self-sufficiency in South Labuhanbatu Regency [12]. A comprehensive approach is needed that integrates collaboration between the government, private sector, and the community to create a more efficient and sustainable agricultural system [13]. Through the implementation of appropriate policies, it is hoped that rice production can increase significantly, not only to meet regional needs, but also to contribute to national food security. as well as growth economy Indonesia in a way more wide [14]. The problem formulation of this research is: 1) What is the development strategy? agribusiness commodities paddy in increase food security in South Labuhanbatu Regency in driving national economic growth?. 2) How is the strategy for developing rice commodity agribusiness in increasing food security in South Labuhanbatu Regency in driving national economic growth with SWOT analysis (*Strengths, Weaknesses, Opportunities, and Threats*), analysis BCG ( *Boston Consulting Group* ), analysis SPACE (*Strategic Position and Action Evaluation*), and QSPM (*Quantitative Strategic Planning Matrix*) analysis ?

## LITERATURE REVIEW

### 1. Rice Agribusiness and Food Security

Food security is defined as the state of ensuring adequate food for the nation and individuals, as reflected in the availability, access, and stability of food (Law of the Republic of Indonesia Number 18 of 2012). Rice, as a primary food commodity, plays a central role in maintaining economic and social stability in Indonesia.

Several studies show that strengthening the rice agribusiness directly contributes to food security through increased productivity, stable rice prices, and sustainable food supplies (Arifin, 2020; Barrett, 2021). Furthermore, strong food security plays a crucial role in maintaining national economic stability, particularly in controlling food inflation (Nasution & Prasetyo, 2021).

### 2. Rice Agribusiness and Regional Economic Growth

In development economics theory, the agricultural sector is viewed as a primary driver of economic development, particularly in developing countries (Todaro & Smith, 2015). Rice agribusiness development can drive regional economic growth by increasing farmer incomes, creating employment, and strengthening rural economies (Hasan & Mulyani, 2021). Reardon et al. (2020) emphasized that agricultural value chain efficiency plays a crucial role in increasing the competitiveness of food products and strengthening regional economic resilience. Thus, rice agribusiness holds a strategic position as an instrument of regional economic policy.

### 3. The Concept of Strategy and Strategic Management

Strategy is a series of decisions and actions designed to achieve the long-term goals of an organization or sector (David, 2011). In the context of agribusiness, strategy is needed to optimize resource utilization, increase competitiveness, and anticipate complex external environmental dynamics (Wheelen & Hunger, 2012).

A strategic management approach is relevant in the development of rice agribusiness because this sector faces structural challenges such as price fluctuations, climate change, and imbalances in the bargaining position of business actors (Pingali et al., 2019).

### METHOD

This research used a mixed-methods approach, collecting data through observation, interviews, documentation studies, and literature review. Analysis was conducted using SWOT, BCG, SPACE, and QSPM to formulate a strategy for developing a rice agribusiness.

### RESULTS AND DISCUSSION

#### SWOT Analysis

The SWOT matrix shows that the main strengths are fertile land, high rice demand, and policy support. Weaknesses include limited access to technology, weak farmer institutions, and limited capital.

Factor		Weight	Rating	Score
Strengths	1. Productive and relatively rice fields wide	0.12	4	0.48
	2. Farmers' experience in rice cultivation	0.10	4	0.40
	3. Availability of local labor			
	4. Rice demand is stable throughout the year	0.08	3	0.24
	5. Government agricultural program support	0.10	4	0.40
		0.10	3	0.30
Total Strengths				1.82
Weaknesses	1. Technology agriculture Still traditional	0.12	2	0.24
	2. Farmers' dependence on middlemen	0.10	2	0.20
	3. Limited access to capital	0.10	2	0.20
	4. Production costs tend to increase	0.09	2	0.18
	5. Farmer institutions are not yet strong	0.09	2	0.18
Total Weaknesses				1.00
Total IFAS Score		1.00		2.82
Opportunities	1. Policy national resilience food	0.15	4	0.60
	2. Fertilizer and seed subsidy program	0.12	3	0.36
	3. National market opportunities	0.10	4	0.40
	4. Partnership with Bulog and industry	0.08	3	0.24
	5. Adoption of modern agricultural technology	0.10	3	0.30
Opportunities Score				1.90
Threats	1. Fluctuation price grain	0.12	2	0.24
	2. Climate change	0.10	2	0.20
	3. Competition for imported rice	0.08	2	0.16
	4. Land conversion	0.08	2	0.16
	5. External input dependency	0.07	2	0.14
Total Threats				0.90
Total EFAS Score		1.00		2.80

#### Analysis SWOT Matrix

Based on IFAS score (2.82) and EFAS (2.80), the strategy position is in **Quadrant I (SO – Growth Oriented Strategy)**.

#### Main Strategy (SO):

1. Optimization land and production based technology

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2. Strengthening partnership farmers – partners absorb
3. Development agribusiness integrated upstream – downstream
4. Improvement agricultural human resource capacity

## Analysis BCG Matrix

Based on :

- **Market growth rate** : tall
- **Relative market share** : medium – high

Position rice agribusiness in the Regency South Labuhanbatu is in the “**Star**” quadrant.

**implications :**

- Investment sustainable
- Modernization tools and technology
- Strengthening chain supply

## 4.5 Analysis SPACE Matrix

Evaluation SPACE Dimension

Dimensions	Score
Financial Strength (FS)	+4
Industry Strength (IS)	+4
Competitive Advantage (CA)	-2
Environmental Stability (ES)	-2

Coordinate results show position is in **the quadrant aggressive.**

**Suggested strategies :**

- Intensification production
- Agribusiness integration
- Market expansion

## QSPM (Quantitative Strategic Planning Matrix) Analysis

**Alternative Strategy:**

1. Strengthening partnership farmers – partners absorb
2. Modernization technology agriculture
3. Strengthening institutional farmer
4. Efficiency chain distribution

## QSPM Score Summary

Strategy	Total Attractiveness Score (TAS)
Partnership farmers – partners absorb	<b>6.80</b>
Modernization technology	6.45
Strengthening institutional	6.10
Efficiency distribution	5.85

**Priority Strategy :**

**Strengthening partnership farmer with partners absorption ( Bulog / industry )**

**Implications of Research Results**

Research result show that :

1. Rice agribusiness in the Regency South Labuhanbatu has **Power competition tall**
2. Resilience food area can improved through **integration upstream – downstream**
3. Improvement welfare farmer impact directly on **growth economy national**
4. Aggressive and oriented strategy growth become the most rational choice

## Summary Key Findings

- Position : **Quadrant I (SO)**

- BCG Position : **Star**
- SPACE Position : **Aggressive**
- QSPM priority strategy : **Partnership farmers – partners absorb**

### **Discussion**

SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy, QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy. SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy. QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy. SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy. QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy. SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy. QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy. SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy. QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy. SWOT analysis shows position The rice agribusiness is in the Strength–Opportunity quadrant. The BCG matrix places Rice agribusiness is in the Star position. SPACE analysis shows an aggressive strategy. QSPM identifies strengthening partnership farmer with partners absorb as a priority strategy.

### **CONCLUSION**

Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and economy regional. Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and economy regional. Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and economy regional. Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and economy regional. Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and economy regional. Rice agribusiness in the Regency South Labuhanbatu has potential big For developed through aggressive strategies based partnership. Implications policy focused on integration upstream – downstream, strengthening institutional farmers, and stabilization price For support resilience food and regional economy.

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