

CONTROLLING FACTORS OF MARKETING ACTIVITIES: A CASE STUDY OF FRUIT PROCESSING INDUSTRIES IN EAST JAVA, INDONESIA

I.B. Suryaningrat¹

Abstract

In East Java, Fruit Processing Industries (FPIs), are a key part of agroindustrial activities there. In term of agroindustry, three basic components in any agroindustrial system are procurement of raw material, processing and marketing. How to encourage fruit processing, as an agroindustrial activity and area potential, has become a crucial issue and a major priority for area development in East Java. Understanding the problems in FPIs would give support to success cases. Based on a sample survey of five districts in East Java province (Banyuwangi, Jember, Lumajang, Probolinggo and Malang), this paper reviews controlling factors, especially marketing activities, based on three basic components of the agroindustrial system. The paper concludes that in term of SMFPIs, education and technology are considered as determinant factors of marketing activities. The existence of big industries has strong effect to marketing performance. Understanding these factors can aid policy makers of FPIs in designing and implementing appropriate programs.

Keywords: marketing, fruit process, industries

Introduction

Agroindustrial sector as a sub-system of agribusiness, has unique advantages of utilizing agricultural raw material in agro-product processing. Some problems associated with the food industry found in other countries, are the shortage of raw material, quality, lack of continuous supply of seasonal raw material, inadequately trained labor force, costly imported packing material, and infrastructure and technological deficiencies (Hicks, 1991).

As agro-processed products are becoming very competitive in the world market, it is important to understand the problems faced by FPIs. The perception of problems by FPIs' owners or operators could influence their activities. For policy makers, understanding of such problems will aid in formulating policies conducive for the development of small and medium industries (SMIs) (Walsh, 1988).

Common criteria for classification of industries is the number of employees, small-scale (1-4 workers), medium scale (5-10 or 11-19 workers), and large-scale (20-99 workers). Small and medium industries are often considered together (Soon, 1984). For the developing countries, SMIs which still are fairly labor intensive, the criterion of employment of less than 50 workers is still applicable (Theng and Boon, 1996).

¹ Faculty of Agricultural Technology, Jember University, Email: suryaningrat2@yahoo.com