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Analysis the Competitive Advantage of Arabica Gayo Coffee Organic in Indonesia Mariyudi1, Suryadi2, M Sayuti3and Hendra Raza4 1Department of Management, Faculty of Economics and Business Universitas Malikussaleh, Aceh, Indonesia, 2Department of Agribusiness, Faculty of Agriculture Universitas Malikussaleh, Aceh, Indonesia, 3Department of Industrial Engineering, Faculty of Engineering Universitas Malikussaleh, Aceh, Indonesia, 4Department of Accounting, Faculty of Economics and Business Universitas Malikussaleh, Aceh, Indonesia

ABSTRACT Coffee is one of the strategic and important commodities in Indonesia. In Aceh Province, coffee is one of the local superior commodities. Coffee production is a driving force in the economy of Aceh, particularly in the Gayo highlands.

With no large private or state-owned plantations, this $150 million export industry is built on a foundation of smallholder farmers managing small plots that average less than 1.5 hectares with few high demand the body, coffee high prices an efficient chain high of for at points the delivers a proportion that the This takes in-depth at Arabica coffee organic sector, particularly focused on the current state of the coffee value chain and its implications for the competitive advantage of Arabica Gayo coffee organic which is originated from Indonesia. Keywords: Arabica gayo coffee organic, value chain, farmer field school, and competitive advantage.

INTRODUCTION Indonesia one the coffee countries in the world 1, 2, and the Aceh province is the biggest producer of Arabica Gayo coffee organic 3-5. Coffee production is a driving force in the economy of Aceh, particularly in the Gayo highlands. With no large or plantations, is million export to countries like Europe Union, USA, and Japan 6 and built on a foundation of smallholder farmers managing small plots that average less than 1.5 hectares with few inputs and basically haven't economically income 7 . The

coffee is problematic growers.

Global coffee prices have been subject to wild fluctuations, with resulting issues for smallholder farmers reliant on this crop for their income 8 . problems are caused by unfair trade 9,10,various constraints on production, processing and marketing so supply chain sustainability ofarabica Gayo coffee organic is very hard the 7,11 .These the of new paradigms and approaches of extension are shifting towards to the empowerment of farmers 12. Farmer Field School is of models approaches widely used 13.

The research objective are to analyse the competitive advantage of arabika Gayo coffee organic which is originated from Aceh province, Indonesia. Besides, to identify influencing attitude practice on coffee management practices among FFS participants. Related Research The of advantage' that any trade is better than no trade and that if everyone concentrates on the one thing that they are best at, and sells on market everyone benefit 14,15. However other studies show an increasing gap between poor and rich in the developing countries16. Competitive advantage generally goes to the stronger economy, not the weaker14. Indian Journal of Public Health Research & Development, December 2018, Vol.

9, No. 12 251 Figure 1: Conceptual framework Clearly is need an research program alternative model developing countries, yet on is under-funded 17 . FFS is considered to build on the critical theoretical framework of 'knowledge and human interest'. Several studies of global value chains in the coffee and other agricultural commodities 18, 19, 20 have highlighted the shifting nature of corporate control due to weakened state regulation and disintegration of international conventions 21 and increased the power of large corporate roasters within their supply chains22. Proposed Method Structural Equation Modeling This uses research blending three methods, exploratory descriptive research, and causal research 23.Likewise; the multivariate technique such as structural equation modeling is deployed in this study for data analysis 24.

System Dynamic Approach In sustainability perspective of Arabica Gayo coffee organic, the main activities were to mapping supply chain structure which is including all actors and activities 14. The from first would used input system dynamic approach 14, 25. Research Methodology The has a research design. As far as sampling is concerned, based on the pilot of FFSs, Aceh and Bener district. 302 were selected based on the simple random sampling method 23. Data analyzed different and qualitative statistical procedures and methods. RESULTS AND DISCUSSIONS A of participants male, 54.64% participated the Age was from 25 to 35 years old.

Results suggested that individuals a knowledge experience the category organic The

value product is five a scale of points the of coffee varied 0.5 10 less 1% the members had more than 5 ha of coffee. Knowledge and Human Interest The model in research (see 1) the of equations modeling.The of SEM demonstrates that of goodness-of-fit were the recommended Thus, result testing structural research model was acceptable 26. Table Comparisons goodness-of-fit of SEM models GOF Indices Criterion Guidelines SEM Results Chi-square (? 2) Chi-square 209.415 Degree of freedom 92 Probability p>.05 .000 Absolute fit measures GFI >.80 .871 RMSEA <.10 .087 RMR <.05 .026 SRMR <.05 .044 Normed chi-square <3 2.415 Incremental fit measures NFI >.90 .914 CFI >.90 .923 Parsimony fit measurement AGFI >.80 .825 PNFI >.50 .743 Based on this model, the relationships between the constructs reflected the statements shown in Table 2.

252 Indian Journal of Public Health Research & Development, December 2018, Vol. 9, No. 12 Table 2. Testing the hypotheses of the structural research model Hypothesized Path Std. Estimate Critical Ratio Hypothesis H1: Psychology -> Attitude 0.797 16.756*** Supported H2: Psychology -> Practice 0.606 9.564*** Supported H3: Communication -> Attitude -0.260 -2.709 (ns) Not Supported H4: Communication -> Practice 0.477 5.182*** Supported H5: Psychology -> Knowledge 0.984 9.514*** Supported H6: Communication -> Knowledge 0.691 11.103*** Supported H7: Attitude -> Knowledge 0.082 1.293 (ns) Not Supported H8: Practice -> Knowledge 0.339 5.673*** Supported ***significant at p<0.01, ns: not significant Table shows the estimate of path psychology attitude psychology practise communication practice psychology knowledge communication knowledge and and (0.339) significant. Hypothesis 1, 2, 4, 5, 6, and 8 were supported.

Hypothesis 3 and 7 was not supported as the p-value was not significant. Supply Chain Structure The chain Arabica Coffee is to as collectors, aggregators play a broad range of roles simultaneously. Figure 2 provides a generalized picture of the flow. Core actors handle the coffee, while supporting actors provide services to core actors. Figure 2: Arabica gayo coffee organic value chain In this research, basic problems on arabica Gayo coffee organic supply chain structure was the gap of quality and among actor 7 .The business in Gayo existed in a long time, but until now it has not given better livelihood farmers, several have been implemented, for instance, the fair-trade, organic,geographic indicationand rain-forest.

This due the trade by the buyers 9, so necessary a real effort to solve that problem by fair benefit distribution for each actor. Most of the farmers work in a very isolated way reducing their chances to be more competitive. Social organizations to them get certified, this statement is supported by 10 while they state that most buyers collude to keep farmers isolated and hence get prices. Fairtrade state the is because little that farmers have of the market and this leaves them in disadvantage 27 .

CONCLUSION This concluded farmerpsychology, communication, and practice in coffee management practices were the most important independent variables which significant on knowledge Farmer School members. problems on arabica Gayo coffee organic supply chain structure was gap benefit each and specification. Most of the farmers work in a very isolated way reducing their chances to be more competitive. One the of research to its The limitation to Thus, the sample used in this study does not represent the population of the Indonesian coffee organic. The second limitation relates to the variables contained within the research The focuses coffee in area.This could replicated in developing to out structure Indian Journal of Public Health Research & Development, December 2018, Vol. 9, No. 12 253 of competitive advantage in different geographic areas.

Conducting such studies could enhance the representativeness of the results in developing countries. Acknowledgment: We would like to thank the Directorate of Research and Community Service (DRPM), of and Education of the Republic of Indonesia,for a part of financial of research the Strategis Nasional grant, is gratefully acknowledged. Conflict of Interest: Nil Source of Funding: Self Ethical IJRISE Journal Reviewer Committee REFERENCES 1. ICO Coffee Country data on the global coffee trade. 2017. 2. USDA, Indonesia coffee semi-annual report. Gain Report Number ID1631,2016. 3. R.

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