ABSTRACT

An Analysis of Strategy for Implementation of The Policy in Improving Competitive Oil Palm Processing Industry in North Sumatera Province using Cluster Approach
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The purpose of this study was to indicate comparative advantage of Indonesia, particularly Northern Sumatra, and analyze the internal and external environment that the comparative advantage could be transformed into competitive advantage in the home and global market. The next step in strategic planning was the prioritization of action plans translate into an implementation agenda. Utilizing the Porter model, the diamond of competitiveness analysis, and gap-matrix analysis which illustrate the existing and expected condition, that the actions/policies taken by the government will be more focus in overcoming such gaps. It will also indicate the strong and weak industrial component and linkages of the Oil Palm cluster in Northern Sumatra. The data were collected from government, private, and society experts in Oil Palm. Accordingly, the Analytical Hierarchy Process (AHP) was used to prioritize the actions recommended taken by the government. The result suggested that in the medium term, both local and central government concerned should more active to coordinate in strengthening and supporting the existing policy implementation (eg. expansion and upgrading the infrastructure facilities, develop the Board of Indonesian Oil Palm and facilitate the Task Force bringing together firms, industry associations and research institutes, to a successful development of Oil Palm cluster industry in Northern Sumatra, etc). Implementing the cluster innovation could be another consideration for the long term program to be done through the development of oleo-chemical industry which will contribute the high value added to the country. Furthermore, at the North Sumatra local government level, the strategy should also focus on empowerment of smallholders and SME’s through networking and linkages with the cluster of core, supporting, and related industries.