

The Effect of Market Opportunities and Business Environment on the Income of Honey Guava Farmers in Binjai City

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Abstract. The purpose of this study is to determine the effect of Market Opportunities and Environmental Conditions partially or simultaneously on the Income of Honey Guava Farmers in Binjai City. The population in this study was all Honey Guava Farmers in Binjai City using a sample of 63 people. To obtain data in the preparation of this thesis, the author uses inasutionrumen; documentation studies and interviews, as well as questionnaires. In analyzing data using multiple linear regression, t test, F test and determination test. Based on the results of the partial test (t-test), it can be concluded that Market Opportunities have a positive and significant effect on the Income of Honey Guava Farmers in Binjai City. The more often Market Opportunities are carried out, the higher the level of Income of Honey Guava Farmers in Binjai City. Environmental Conditions have a positive and significant effect on the Income of Honey Guava Farmers in Binjai City. The better the environmental conditions, the higher the income level of Guava Honey Farmers in Binjai City. Market Opportunities and Environmental Conditions together have a significant effect on the Income of Honey Guava Farmers in Binjai City. Market Opportunities and Environmental Conditions are able to explain their effect on the income of Honey Guava Farmers in Binjai City by 55.2%.

Keywords: Market Opportunity, Business Environment and Farmer Income.

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1. Introduction

The development of guava farmers in Binjai City is quite good. The mayor of Kuala Lumpur, Malaysia, admired the honey guava fruit developed by the government of Binjai City, North Sumatra, during his review at a guava plantation, Paya Roba Village, West Binjai District, recently. Kuala Lumpur Mayor Datuk Seri Ahmad Phesal bin Talib, has seen firsthand the honey guava plants developed by farmers with the government, in this case the Agriculture Office. The admiration of the Mayor of Kuala Lumpur provides motivation for the city government to continue to develop fruits such as honey guava, seedless guava, and various other breakthroughs related to fruit. This honey guava, said Timbas, will be introduced to Malaysia more widely because the people there are increasingly fond of this fruit [1]. This shows that the potential market opportunity for guava honey is still relatively high, both for local and foreign markets.

Market opportunities are a series of favorable conditions or environments sourced from internal and external factors. Internal factors are important factors to consider in planning and decision making. Management with all its expertise is required to develop a strategy that is suitable for the company he leads. Environmental conditions that change either directly or indirectly will affect competitive conditions, especially agricultural products. The tighter competition in terms of honey guava sales has an impact on farmers' operational activities in meeting the needs of their consumers. This condition, of course, will be a

threat to farmers if they cannot anticipate and adjust it to the conditions of production produced, to be able to anticipate this, farmers must be able to formulate market opportunity strategies and business environmental conditions that are accurate and effective.

The era of the ASEAN Economic Community (AEC) has an impact on increasingly fierce competition. Guava farmers are faced with intense competition for similar productions that market the same products. Honey guava production from outside Indonesia will of course flood the Indonesian market. In order for farmers to outperform their competitors, farmers must be able to increase market opportunities and income and to anticipate competition from other competitors who offer similar products, one of the efforts made by farmers is to increase and maintain existing market opportunities.

The decrease in honey guava sales turnover certainly has a negative impact on the survival of farmers. This has reasons including intense competition by other similar competitors causing farmers to carry out marketing strategies that are more complete and competitive. This research was conducted on honey guava farmers in Binjai City. This group of guava farmers is one of the most affected by the implementation of AEC, so it requires adjustments in its marketing strategy in order to anticipate the uncertain business environment. This research was conducted to determine the effect of market opportunities and business environmental conditions on the income of guava farmers. The condition of the business environment has a greater impact on resources, structures and processes in production. Business environment factors contain organizational strengths as well as weaknesses that will certainly affect revenue. The results of Hidayat research (2004) concluded that environmental factors have a significant effect on the income and performance of manufacturing companies. Jauch and Glueck (2008) state that to achieve optimal revenue, strategies must be formulated with attention to the business environment.

2. Literature Review

2.1. Farmer Income Analysis

Generally, the goal of everyone is to be able to sell the goods and services they produce. With the sale of goods and services, of course, a person will get income which is the source of his life. Besides sales as a source of income, sales activities are also the basis or guideline for determining other activities within the company such as purchasing, products, storage and some of them. So it can be interpreted that the level of revenue is a measure of the success or failure of a company in terms of *profit*. The Indonesian Institute of Accountants (IAI) has an understanding of income. Revenue translates as income. In the basic concept of preparing and presenting financial statements, *income* is an increase in economic benefits during an accounting period in the form of income or addition of assets or a decrease in liabilities resulting in an increase in equity that does not come from investment contributions (IAI, 2002). In the company's operational activities, revenue has a very important meaning as an indication of the company's success in achieving its goals. An increase in income level is a measure of efficiency, although not every increase in income is followed by an increase in profits. A far-sighted company might say that market share is the ultimate goal of sales activities. The company hopes that greater revenue in the future will provide additional profits in the short term.

Revenue is very important for companies, both small companies and large companies. Because with revenue, a company can continue its survival in the future. Revenue as one of the main factors to get profits and make a measure of the success of a company in addition to reducing costs, so that revenue plays an important role in the company's fund flow cycle (Sawir, 2005)..

2.2. Market Opportunity Analysis

Kotler (2009) states that market opportunity is an area of buyer needs where companies can operate profitably. While Chandra (2005) states that market opportunities are the most profitable important situation in the company environment. Market opportunities typically include price changes, new product launches, distribution coverage and promotion intensity. Whether respected or not, the dominance of this company is recognized by its competitors and becomes a reference for competitors to be challenged, imitated, or avoided. Unless the dominant company obtains a monopoly, legally his life is not easy. Companies must always be vigilant because other companies are always challenging and looking for weaknesses. The market leader could fall to number two or three. Product innovation can be difficult for leaders.

According to Oscar (2012) concluded: market opportunities are investment-oriented activities. For example, whether the company wants to carry out an aggressive growth strategy or seeks market penetration, a survival strategy, a strategy to rebuild a new division or a divestment strategy, and so on. Kotler (2009) stated that companies want to remain number one in reaching market opportunities, so action is needed, namely:

a) Improve the overall market

Market leaders usually benefit the most if the market expands. Generally, market leaders will look for new users, new uses and additional uses of their products. Generally market leaders will look for:

1) New users

Each class of product has the potential to attract buyers who don't know about the product or who object to its price or characteristics.

2) New uses

Markets can be developed by discovering and promoting new uses of a product

3) Increased use of its products

The third market development strategy is to convince people to use more products each time.

b) Maintain market share

In addition to seeking to expand the overall market, the dominant company must constantly defend itself against the attacks of its competitors. Market leaders, even if they are not attacking, must be on guard not to have a weak side. He has to keep costs down and the price has to match the value customers see on that brand. The leader must close the hole so that competitors do not enter. The cost of closing a hole may be high, but the cost of leaving an unprofitable product/market segment may be higher.

c) Expanding market share

The market leader can increase its profit by increasing its market share. In many markets, a single market share figure is worth tens of millions of dollars. Companies should not assume that increasing their share in the markets they serve will increase their bottom line. Everything still depends on their strategy in increasing market share. Companies must take into account three factors before blindly pursuing market share.

- 1) The first factor is the possibility of facing anti-monopoly prosecution. Envious competitors may shout: "Monopoly" if the dominant company continues to increase its market share. This risk reduces the attractiveness of too large a market share increase.
- 2) The second factor is economic cost, the possibility that the profit rate may fall if the market share rises steadily beyond a certain level.

The third factor is that companies can carry out the wrong marketing mix strategy in pursuit of higher market share so as not to increase profits.

2.3. Business Environment

The environment is everything that is outside the organization. The environment has intellectual problems, so the researchers categorized them with different approaches. In the context of strategy management. The business environment is the environment faced by the organization and must be considered in business (company) decision making. The daily activities of the organization include interaction with the work environment. This includes its relationships with customers, suppliers, trade unions and shareholders. The business environment plays a role in influencing the determination of organizational strategy (Robbins 2004).

Robbins (2004) identifies 4 types of environments that may be faced by organizations, namely remote environments, industrial environments and operational environments. The Business Environment Analysis component consists of:

- 1) Scanning: identifies early clues of changes and trends in the business environment.
- 2) Monitoring: detecting meaning through continuous observation of changes and trends in the business environment.
- 3) Forecasting: Developing projections of anticipated outcomes based on monitored changes and trends.

Assesing: Determining the timing and importance of changes and tendencies in the business environment for the company's strategy and its management.

2.4. Conceptual Framework

The influence of market opportunities and environmental conditions on income can be seen in the conceptual framework of the research as follows:

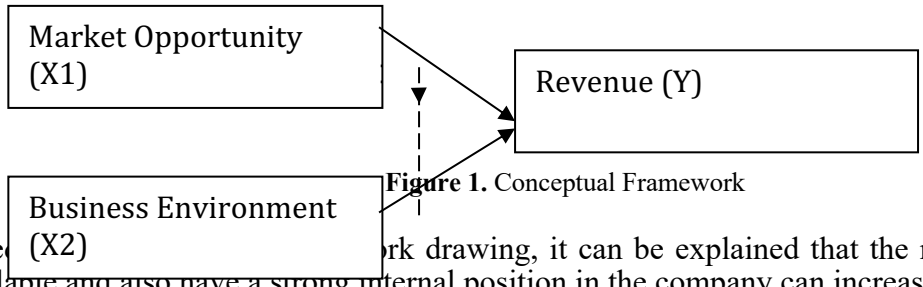


Figure 1. Conceptual Framework

Based on the conceptual framework drawing, it can be explained that the market opportunities available and also have a strong internal position in the company can increase revenue in the face of competition (*comparative advantage*). The higher the opportunity for the honey guava market to be managed as well as possible, it will be able to generate potential income. Business environmental conditions also play an important role in the success of honey guava farmers to market their products. Farmers must be able to manage their business environment as well as possible in order to market their products.

2.4. Hypothesis

Based on the limitations and formulation of the problem, the following research hypotheses are made:

1. Market opportunities and environmental conditions simultaneously affect the income of Honey guava farmers in Binjai City.
2. Market opportunities affect the income of Honey guava farmers in Binjai City.

Environmental conditions affect the income of honey guava farmers in Binjai City.

3. Method

3.1. Research Approach

This study used a causal associative research approach. According to Umar (2007: 30) stated that causal associative research is research that aims to analyze the relationship between one variable and another variable or how a variable affects other variables. ." The population in this study was honey guava farmers in Binjai City which amounted to 63 people. Sampling is carried out by census technique where the entire population is used as a research sample.

Table 1. Operational Definition of Research Variables

Variable	Operational Definition	Indicators	Scale Measure
Market Opportunity (X1)	The most advantageous important situation in the corporate environment. Market opportunities typically include price changes, new product launches, distribution coverage and promotion intensity:	1. Improve the overall market 2. Maintain market share 3. Expanding market share	Likert scale
Business Environment (X2)	The environment that the organization faces and must be considered in business (enterprise) decision making. The daily activities of the organization include interaction with the work environment	1. Internal environment 2. External Environment	Likert scale

Revenue (Y)	An increase in economic benefits during an accounting period in the form of income or an increase in assets or a decrease in liabilities resulting in an increase in equity that does not come from investment contributions	1. Seller's Conditions and Capabilities 2. Market Conditions 3. Capital 4. Organizational Conditions	Likert scale
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3.2. Data Analysis Techniques

The test tool used to analyze the hypothesis in this study is Multiple Linear Regression Analysis to test price and distribution variables against competition. Multiple Linear Regression Analysis is influenced to determine the effect of several variables X on one variable Y.

4. Result and Discussion

4.1. Research Results

Based on the results of multiple regression, the results are obtained as seen in Table 2 below:

Table 2. Multiple Regression Equation

Type		Unstandardized Coefficients		Standardized Coefficients
		B	Std. Error	Beta
1	(Constant)	3.640	2.150	
	Market opportunities	.603	.106	.579
	Environmental conditions	.317	.128	.252

Source : Research Results (2023)

Based on Table 2 above, the multiple regression equation in the study is:

$$Y = 3.640 + 0.603X_1 + 0.317X_2$$

- A value of 3,640 means that if the variables of market opportunities and environmental conditions are constant (fixed) then the income of the Honey Guava Farmer is 3,640. The conclusion is that market opportunities and environmental conditions have an important role in the income of Honey Guava Farmers.
- The value of β_1 of 0.603 means that the effect of the market opportunity variable on the income of Honey Guava Farmers is positive where if the market opportunity variable (X_1) increases by one unit, the income of Honey Guava Farmers will increase by 0.603. The conclusion is that increasing the intensity of market opportunities will be able to increase the income of Honey Guava Farmers.
- The β_2 value of 0.317 means that the influence of environmental condition variables on the income of Honey Guava Farmers is positive where if the environmental condition variable increases by one unit, the income of Honey Guava Farmers will increase by 0.317. The conclusion is that the determination of appropriate environmental conditions will be able to increase the income of Guava Honey Farmers.

2. Partial Hypothesis Testing

To see the effect of market opportunities and individual environmental conditions on the income of Honey Guava Farmers, it can be done using a simple correlation test. Based on the results of data processing with the SPSS 16 program, the results are obtained as seen in Table 3 below:

Table 3. Test t

Type		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.640	2.150		1.693	.096
	Market Opportunities	.603	.106	.579	5.711	.000
	Environmental Conditions	.317	.128	.252	2.484	.016

Source : Research Results (2023)

For the first hypothesis test criterion was carried out at the level of $\alpha = 5\%$ in two directions (0.025). The value of t for $n = 63 - 2 = 61$ is 1.999 then the decision to accept or reject the hypothesis can be made is:

H_0 is accepted if: $-1.999 \leq t_{count} \leq 1.999$

H_a is accepted if: $t_{calculate} \geq 1.999$ or $-t_{calculate} \leq -1.999$

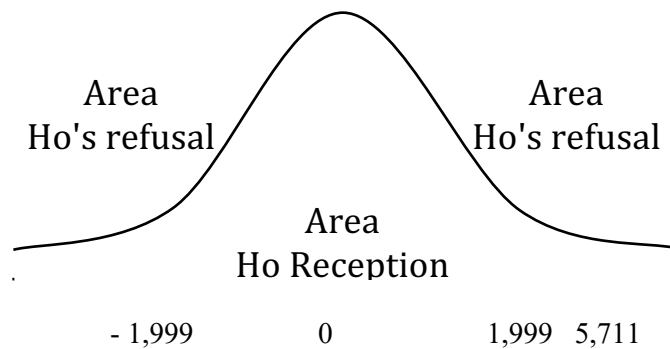


Figure 2. First Hypothesis Testing Curve

Source : Research Results (2023)

Based on the results of testing the hypothesis of the effect of market opportunities on the income of Honey Guava Farmers, a t-count value (5.711) is greater than the t-table (1.999) with a significance of 0.000 ($\text{Sig.} < 0.05$), then H_0 is rejected and H_a is accepted. This means that partial market opportunities have a significant effect on farmers' income.

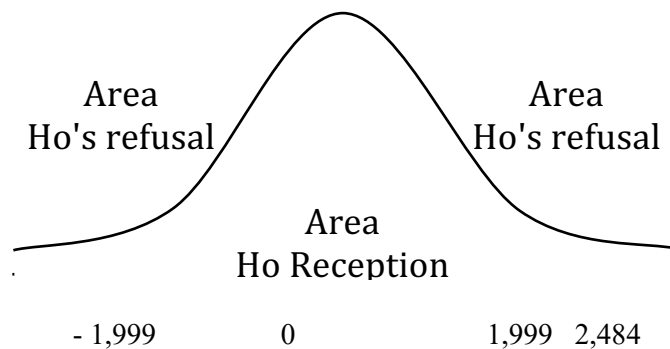


Figure 3. Second Hypothesis Testing Curve

Based on the results of testing the hypothesis of the influence of environmental conditions on the income of Honey Guava Farmers, a t-count value (2.484) is greater than the t-table (1.999) with a significance of 0.016 (Sig.< 0.05), then Ho is rejected and Ha is accepted. This means that partially environmental conditions have a significant effect on farmers' income.

3. Simultaneous Hypothesis Testing

Simultaneous testing aims to determine whether or not there is an influence of independent variables together on the dependent variable. The results of simultaneous testing can be seen in the following table:

Table 4. Test F (Concurrent Test)

Type		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	202.280	2	101.140	36.994	.000a
	Residuals	164.037	60	2.734		
	Total	366.317	62			

Source : Research Results (2023)

For the F test criterion it is carried out at the level of $\alpha = 5\%$ in two directions (0.025). The value of F at dk = 2 for n = 63 – 3 = 61 is 3.15 then a decision can be made to accept or reject the hypothesis as follows:

Fcalculate = 36,994, Fable = 3.15

From the decision making criteria:

H0 is accepted if: $-3.15 \leq t_{\text{calculate}} \leq 3.15$

- Ha is accepted if:
1. $t_{\text{calculate}} \geq 3.15$
 2. $-t_{\text{count}} \leq -3.15$

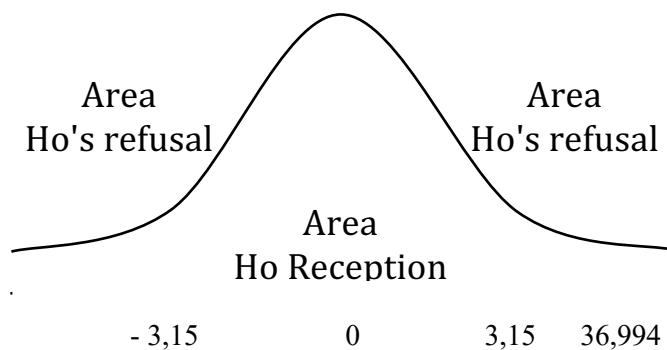


Figure 4. Third Hypothesis Testing Curve

Based on the results of testing the hypothesis of the effect of market opportunities and environmental conditions simultaneously on the income of Honey Guava Farmers, a Fcalculate value (36.994) greater than the F-table (3.15) with a significance of 0.000 (Sig.< 0.05) then Ho was rejected and Ha was reerima. This means that simultaneously market opportunities and environmental conditions simultaneously have a significant effect on the income of Honey Guava Farmers.

4. Coefficient Determination (R-Square)

The coefficient value of determination (R^2) is used to measure the magnitude of the influence of independent variables from market opportunities and environmental conditions on the income of Honey Guava Farmers. Here is the value of coefficient determination.

Table 5. Coefficient Determination

Type	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.743a	.552	.537	1.65347

Source : *Research Results (2023)*

Based on Table 5, the coefficient value of determination is 0.552. This shows that market opportunities and environmental conditions explain the effect on the income of Guava Honey Farmers by 55.2%. While the remaining 44.8% is the influence of other independent variables that were not studied in this study.

4.2. Discussion

a. The Effect of Partial Market Opportunities on Farmer Income

There is a positive and significant influence of variable X1 on variable Y. This result is consistent with the results of Dian's research (2013) which proves that market opportunities are very influential on farmers' operating income. The better the utilization of existing market opportunities, the higher the income of farmers. Market opportunities have a stronger influence than environmental conditions. This can be seen from the market opportunity regression coefficient of 0.603, showing the effect of market opportunity on farmers' income is 60.3%. The proof of this hypothesis shows that market opportunity factors are very important in increasing farmers' incomes.

b. The Effect of Partial Environmental Conditions on Farmer Income

There is a positive and significant influence of variable X2 on variable Y. This result is consistent with the results of Hidayat's (2004) research which proves that environmental factors have a significant effect on income. The regression coefficient of environmental conditions of 0.317 shows the influence of environmental conditions on farmers' income is 31.7%. The proof of this hypothesis shows that environmental conditions are also very important in increasing farmers' income. The better the business environment conditions, the higher the income of Honey Guava Farmers.

c. The Effect of Market Opportunities and Business Environment Simultaneously on Farmer Income

There is a positive and significant influence of variables X1 and X₂ simultaneously with variable Y. This result is consistent with the results of research by Dian (2013) and Hidayat (2004) which prove that market opportunities and environmental conditions simultaneously have a positive and significant effect on farmers' income. From the test results, it can be seen that all independent variables (X1 and X2) have a positive bi coefficient, meaning that all independent variables (market opportunities and environmental conditions) have a unidirectional influence on variable Y (income of Honey Guava Farmers). The contribution of market opportunities and environmental conditions in explaining its effect on the income of Honey Guava Farmers is 55.2%. While the remaining 44.8% is the influence of other independent variables that were not studied in this study.

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