



2015 3rd International Conference on Adaptive and Intelligent Agroindustry (ICAIA)

ICAIA 2015



August 3rd - 4th, 2015

IPB International Convention Center
Bogor, Indonesia

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Department of Agroindustrial Technology
Bogor Agricultural University
Bogor, Indonesia

Welcome Message from The General Chairs of ICAIA 2015

On behalf of the organizing committee, it is our pleasure to welcome you to International Conference on Adaptive and Intelligent Agroindustry, Bogor, Indonesia. This is the 3rd conference on the topic that is held by the Department of Agroindustrial Technology, Bogor Agricultural University, Indonesia.

The conference is expected to provide excellent opportunity to meet experts, to exchange information, and to strengthen the collaboration among researchers, engineers, and scholars from academia, government, and industry. In addition, the conference committee invited five renowned keynote speakers, i.e. Prof Irawadi from Bogor Agricultural University; Prof Kenneth De Jong from George Mason University, USA; Dr Yandra Arkeman from Bogor Agricultural University; and Dr Guillermo Baigorria from University of Nebraska-Lincoln, USA.

The conference committee also invited Prof Noel Lindsay from University of Adelaide, Australia; Kiyotada Hayashi from National Agricultural Research Center-Tsukuba, Japan; Prof Margareth Gfrerer from Islamic State University of Jakarta, Indonesia; Dr Barry Elsey from University of Adelaide, Australia; Dr Gajendran Kandasamy from Melbourne University, Australia; and Imperial College London-British, Prof Allan O'Connor from University of Adelaide, Australia; Dr Wisnu Ananta Kusuma from Bogor Agricultural University, Indonesia; and Dr Frank Neumann from University of Adelaide, Australia, as invited speakers.

This conference was organized by Department of Agroindustrial Technology, Bogor Agricultural University and Asosiasi Agroindustri Indonesia, and technically sponsored by IEEE Indonesia Section. Furthermore, it was supported by Department of Computer Science, Bogor Agricultural University; Surfactant and Bionergy Research Center; PT Bogor Life Science and Technology; Indonesian Ministry of Industry; PT Pachira Distrinusa; and PT Kelola Mina Laut.

I would like to take this opportunity to express my deep appreciation to the conference's committee members for their hard work and contribution throughout this conference. I would like to thank authors, reviewers, speakers, and session chairs for their support to participate in the Conference. Lastly, I would like to welcome you to join ICAIA 2015 and wish you all an enjoyable stay in Bogor.

Sincerely,
Dr Yandra Arkeman
General Chairs, ICAIA 2015

WELCOMING ADDRESS

Prof. Dr. Ir. Nastiti Siswi Indrasti

Head of Agroindustrial Technology Department
Faculty of Agricultural Engineering and Technology
Bogor Agricultural University

on

**3rd International Conference on Adaptive and Intelligence Agroindustry (3rd
ICAIA)**

Bogor, August, 3 – 4, 2015

Assalamu'alaikum Warohmatullahi Wabarokatuh
In the name of Allah, the beneficent and the merciful,

Distinguish Guest, Ladies and Gentlemen

Let me first thank you all for accepting the invitation to participate in this 3rd International Conference on Adaptive and Intelligence Agroindustry (ICAIA). In particular I would like to thank Rector of IPB (Institut Pertanian Bogor/Bogor Agricultural University) Prof. Herry Suhardiyanto for supporting this event as part of the series academic event in celebrating the 52nd Anniversary of Bogor Agricultural University.

We are certainly proud to have been able to assemble this event in IPB, Bogor. The range of participants and audience at this conference is precisely something I would like to stress. Participants who followed the event more than 150 people, coming from various countries including the USA, Australia, Japan, Vietnam, Philippine, Germany and Indonesia. The main goal of the conference is to provide an effective forum for distinguished speakers, academicians, professional and practitioners coming from universities, research institutions, government agencies and industries to share or exchange their ideas, experience and recent progress in Adaptive and Intelligent Agroindustry.

The 2015 3rd International Conference on Adaptive and Intelligent Agro-industry (ICAIA) is the third forum for the presentation of new advances and research results on various topics in all aspects of innovative agro-industry that highlights the development and improvement for today and tomorrow's global need for food, energy, water and medicine. The aim of the conference is to stimulate interaction and cohesiveness among researchers in the vast areas of innovative agro-industry. Innovative Agro-industry has the ability to adapt intelligently to future global challenges, i.e. food, energy, water, and medical. Global challenges needs a new breed of Agroindustry which could produce innovative products to fulfill the needs through advanced processing technology, production systems and business strategy supported by cutting-edge information and communication technology.

The topic for this event is "Empowering Innovative Agroindustry for Natural Resources, Bioenergy and Food Sovereignty". The topics clustered into four main parts:

Track 1 : Innovative Agroindustrial and Business System Engineering

Track 2 : Frontier Approaches in Process and Bioprocess Engineering
Track 3 : Frontier Approaches in Industrial Environmental Engineering
Track 4 : Intelligent Information and Communication Technology for Adaptive
Agroindustry of the Future

This event also hosts four (4) workshops: (1) Strategies for Agroindustry Development (2) LCA for Agroindustry (3) Innovation and Technopreneurship for Agroindustry and (4) Agroindustry Informatics.

Distinguish Guest, Ladies and Gentlement,
Agroindustry transforms agricultural commodities into high value-added products. Agroindustry is industry that process agricultural products to increase their value added significantly by using technology and by considering environmental aspect and sustainability. However, with changing global demand and technology advancement, innovative agroindustry is needed in order to be competitive as well as sustainable. The challenge of future agroindustry is not merely efficiency and productivity anymore, but also the challenge to appropriately apply frontier technology as well as meeting future global demands.

Agroindustry needs to deal with the application of advance technologies and cope future global issues. Current global issues which arise and expected to exist in the future are food sovereignty, renewable energy, sustainable water management and pharmacy. The ability of agro-industry to respond the future global issues and the undoubtedly substantial increase in demand in future decades will be highly dependent on the increased application of existing technologies as well as the exploitation of new and innovative technologies.

The emergence of high technology could be applied in the agro-industry are: nanotechnology, biotechnology, bioinformatics, food processing, food packaging-waste, state-of-the-art computation and many others. The aforementioned high-technology along with computation technology could greatly advance agro-industry from a traditional system into a smart-intelligent and innovative technology. Therefore, in the new millennia, adaptive-intelligent and innovative agro-industry will contribute to solutions to global problems and brings agriculture into perfection.

Hope this conference will also discuss this issue in more detail as it is an important matter for all of us. We should no more think just how to produce high value product but it is also necessarily important how to keep our live in good quality by understanding following old saying... “You do not live at once. You only die once and live every day”.

I do not to take up any more of your time with these opening remarks. Let me simply thank you once again for sharing your thoughts with us. Here’s wishing every success for the conference. May Allah bless all of us.

Thank you for your kind attention,
Wassalamu’alaikum Warohmatullahi Wabarokatuh

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AGENDA

Time	Activities
Monday, August 3rd 2015	
08.00 - 09.00	Registration
09.00 - 10.00	Opening Ceremony <ul style="list-style-type: none"> • Welcoming Address: Prof. Nastiti Siswi Indrasti (Head of DAT, Fateta, IPB) • Welcoming Speech Head of Bogor Regency • Conference Opening: Prof. Herry Suhardiyanto (Rector of IPB) • Opening Speech and Conference Opening : Minister of Industry Indonesia * • Launching Expose International program DAT
10.00 – 10.05	<i>Photo Session</i>
10.05 - 10.15	<i>Coffee break</i>
10.15 - 10.45	Keynote Speech :
10. 45 - 11.30	1. Prof Irawadi (Bogor Agricultural University, Indonesia)
11.30 – 12.00	2. Prof. Kenneth De Jong (George Mason University, USA)
12.00 – 12.30	3. Dr. Yandra Arkeman (Bogor Agricultural University, Indonesia)
	4. Dr. Guillermo Baigorria (University of Nebraska, Lincoln, USA)
12.30 – 13.30	Lunch break
13.30 – 13.50	Plenary Session 1 :
13.50 – 14.10	Prof. Noel Lindsay (University of Adelaide, Australia)
14.10 – 14.30	Dr. Kiyotada Hayashi (National Agricultural Research Center, Tsukuba, Japan)
14.30 – 14.50	Prof. Margareth Gfrerer (Islamic State University of Jakarta, Indonesia)
14.50 – 15.10	Dr. Barry Elsey (University of Adelaide, Australia)
15.10 – 15.45	Ir. M. Novi Saputra (Marketing Director KML Food Group)
	<i>Discussion</i>
15.30 – 15.45	<i>Coffee break</i>
15.45 – 18.00	Parallel session A, B and C
18.00 – 21.00	Welcome Dinner

Time	Activities
Tuesday, August 4rd 2015	
08.30 – 09.00	Registration
09.00 – 09.20	Plenary Session 2 : Dr. Gajendran Kandasamy (PhD in Physic, Melbourne University ; PhD in Innovation Imperial Collage, London)
09.20 – 09.40	Prof. Allan O'Connor (University of Adelaide, Australia)
09.40 – 10.00	Dr. Eng. Wisnu Ananta Kusuma, ST, MT (Bogor Agricultural University, Indonesia)
10.00 – 10.20	Dr. Frank Neumann (University of Adelaide, Australia)
10.20 – 10.45	<i>Discussion</i>
10.45 – 13.00	Parallel Session A, B and C
13.00 – 14.00	Lunch break
14.00 – 15.30	Parallel Workshop <ul style="list-style-type: none"> • Strategies for Agroindustry Development • LCA for Agroindustry • Innovation and Technopreneurship for Agroindustry • Agroindustrial Informatics
15.30 – 15.45	Coffee Break
15.45 – 16.15	Closing remark

TABLE OF CONTENTS

Welcoming address from general chairs	i
Welcoming address from head of Agroindustrial Technology Departement Bogor Agricultural University	ii
Committee	iv
Agenda	v
Table of Content	vii
Abstract of Invited Speakers	
Noel Lindsay	1
Kiyotada Hayashi	2
Barry Elsey	3
Frank Neumann	4
Yandra Arkeman	5
Wisnu Ananta Kusuma	6
Innovative Agroindustrial and Business System Engineering	
The Feasibility Study of Establishment of Biodiesel And Paving Block Industry From Spent Bleaching Earth	7
Febriani Purba, Ani Suryani and Sukardi	
Green Supply Chain Management Innovation Diffusion in Crumb Rubber Factories: Designing Strategies towards Implementation	13
Tri Susanto, Marimin Marimin and Suprihatin	
Mobile Business Analytics System for Service Level Analysis of Customer Relationship Decision	19
Taufik Djatna and Yudhistira Chandra Bayu	
Exploring an Innovative Approach to Address Non-Tariff Barriers Experienced by Small to Medium Enterprises in Downstream Coffee Production in Indonesia	26
Andar Hermawan, Yandra Arkeman, Titi Candra Sunarti	
Innovation on Guardrail Press Tool with Simple Technology for Highway Road Business	33
Bambang Suhardi Waluyo and M.Syamsul Ma'Arif	
An Analysis of Innovation Network Performance on the Palm Oil Industry in North Sumatera	34
Danang Krisna Yudha, Aji Hermawan and Machfud	
Application of Nanotechnology to Improve Physical Properties of Red Fruit Emulsion in order to Increase Its Industrial Use	41
Murti Ningrum and Syamsul Maarif	
Exploring the Internationalization Process Model of an Indonesian Product – Case study : Fruit Chips SME's	47
Dickie Sulistya Apriliyanto, Hartrisari Hardjomidjojo, Titi C Sunarti	
Innovation Management in Indonesian Palm Oil Industry	53
Karim Abdullah, Aji Hermawan and Yandra Arkeman	

Innovation Design Process for Gayo’s Coffee Quality Improvement Rahmat Pramulya, M Syamsul Ma'Arif and Tajuddin Bantacut	59
Technology Innovation Adoption to Improve the Performance of Dairy Small-Medium Enterprises (SME): Case study in Pangalengan-Bandung Regency, West Java, Indonesia Nuni Novitasari, Titi Candra Sunarti and Nastiti Siwi Indrasti	67
Process Innovation for Producing Bioethanol from Oil Palm Empty Fruit Bunches by Improving Fermentation Conditions Fitriani Kasim, Novizar Nazir and Syamsul Ma'Arif	76
Managing Innovation through Knowledge Sharing in An Indonesia Coconut SME Muchammad Kodiyat P, Machfud, Nastiti S Indrasti	82
Increasing Added Value of Banana by Producing Synbiotic Banana “Sale” Using Innovation & Technology Strategy Approach Eka Ruriani	88
Innovation Palm Fronds Briquettes Through Noncarbonization Process Petir Papilo, Syamsul Ma'Arif and Yandra Arkeman	93
Graphic Design Innovation As Brand Identity For “Mahlzeit N 'Das Brot “ Bread Packaging Zulkarnain, Deny Dwi Lestari and M. Syamsul Ma'Arif	100
An AHP Application for Selecting A Business Innovation Strategy of Chocolate SMEs in East Java Yani Kartika Pertiwi, M. Syamsul Maarif and Machfud	104
Understanding local food consumers and their motivations: A case study in Padang city Poppy Arsil	110
Spatial Model Design for Competitive Improvement of Small Medium Scales Enterprises (Case Study: Bogor City) Hartrisari Hardjomidjojo, Harry Imantho and Armaiki Yusmur	116
System Analysis and Design for Selecting Chitin and Chitosan Industry Location by Using Comparative Performance Index (CPI) Method Dena Sismaraini, Nastiti S. Indrasti and Taufik Djatna	121
Arduino-Based Temperature Monitoring Device for Cold Chain Transportation Delmar Zakaria Firdaus and Endang Warsiki	129
Development of Downstream Cocoa Industry: Exploring the Role of Government and Small and Medium Industry in Partnership Farda Eka Kusumawardana, Yandra Arkeman, Titi C Sunarti	134
The Role of Communication in the Technology Transfer (A Case Study at the Center for Agro-based Industry) Anindita Dibyono, Sukardi, Machfud	140
The Center for Pulp and Paper Appraising its Productivity in Generating Industry-Applicable Research: A Best Practice Illustration Ahmad Rudh Firdausi, Anas M Fauzi, Machfud	147
Frontier Approaches in Process and Bioprocess Engineering	
Identification of Flavor Compounds In Cemcem (<i>Spondiazpinata</i> (L.F) Kurz) Leaf Extra	156

Luh Putu Wrasiasi, Ni Made Wartini and Ni Putu Eny Sulistyadewi Synthesis and Characterization of Nanosilica from Boiler Ash with Co- Precipitation Method	160
Wahyu Kamal Setiawan, NastitiSiswiIndrasti and Suprihatin The Comparison Of Media on the Microalgae <i>Nannochloropsis</i> sp. Culture	165
Anak Agung Made Dewi Anggreni, I Wayan Arnata and I B Wayan Gunam	
Identification of Media and Indicator Liquid as A Recorder Smart Label	169
Endang Warsiki and Riris Octaviasari	
The Effect of Consentration of Mes Surfactant From Palm Oil and Consentrasion of Inorganic Salt to Interfacial Tension Value	174
Rista Fitria, Ani Suryani, Mira Rivai and Ari Imam	
Effect of Nano Zinc Oxide On Bionanocomposite	180
Siti Agustina, Nastiti Siswi Indrasti, Suprihatin and Nurul Taufiqu Rohman	
The Effects of Molar Ratio Between 80% Glycerol And Palm Oil Oleic Acid on the Synthesis Process of Ester Glycerol	186
Mira Rivai, Erliza Hambali, Giovanni Nurpratiwi Putri, Ani Suryani, Pudji Permadi, Bonar T.H Marbun and Ari Imam Sutanto	
Selecting Part of Natural Fiber EFB which has Best Mechanical Strength through Tensile Test Analysis for Composite Reinforced Material	192
Farkhan, Yohanes Aris Purwanto, Erliza Hambali and Wawan Hermawan	
Effect Of Ethyl Methane Sulfonate (EMS) On Growth Rate, Cell Size, Fatty Acid Content And Antioxidant Activities Of <i>Dunaliella</i> sp.	199
Mujizat Kawaroe and Amelia Gustini	
Identification of phenol red as Staphylococcus aureus indicator label Dunaliella sp.	206
Melati Pratama, Endang Warsiki and Liesbetini Hartoto	
Enhancing Ethanol Tolerant of <i>Escherichia coli</i> Recombinant by Glutamate Addition under Aerobic Conditions	211
Indra Kurniawan Saputra, Prayoga Suryadarma and Ari Permana Putra	
In Vitro Potentifal of Antibacterial Marine Microalgae Extract <i>Chaetocerosgracilis</i> Toward <i>Staphylococcus epidermidis</i> Bacteria	216
Ardhi Novrialdi Ginting, Liesbetini Haditjaroko and Iriani Setyaningsih	
The Potential Applications of Modified Nagara Bean Flour through Fermentation for Innovation of High Protein Analog Rice	221
Susi, Lya Agustina and Chondro Wibowo	
Studies on the Characteristics of Pasayu (Pasta of Waste-Cassava) Fortification as a New Product Development	226
Marleen Sunyoto, Roni Kastaman, Tati Nurmala and Dedi Muhtadi	
Optical And Particle Size Properties Of <i>Sargassum</i> Sp Chlorophyll As Dye- Sensitized Solar Cell (DSSC)	234
Makkulawu Andi Ridwan and Erliza Noor	
Alkaline Pre-Treatment of <i>Gelidium latifolium</i> and <i>Caulerpa racemosa</i> for Bioethanol Production	239

Dwi Setyaningsih, Neli Muna, Elisabeth Yan Vivi Aryanti and Anastasya Hidayat

New Trends in Industrial Environmental Engineering & Management	
Formulating a Long Term Strategy for Sustainable Palm Oil Biodiesel Development In Indonesia: Learning From the Stakeholder Perspective	247
Beny Adi Purwanto, Erliza Hambali and Yandra Arkeman	
Quality Improvement of Polluted River Water Used as Raw Water in Clean Water Supply by Using Biofiltration	253
Suprihatin, Muhammad Romli and Mohamad Yani	
An Empirical Investigation of the Barriers to Green Practices in Yogyakarta Leather Tanning SMEs	260
Dwi Ningsih, Ono Suparno, Suprihatin and Noel Lindsay	
Preliminary Study For CO ₂ Monitoring System	267
Farhan Syakir, Rindra Wiska, Irvi Firqotul Aini, Wisnu Jatmiko and Ari Wibisono	
Designing a Collaboration Form to Overcome Innovation Resistance in Waste Management Practices in Lampung Tapioca Industry	273
Nur Aini Adinda, Suprihatin, Nastiti Siswi Indrasti	
Pollution Reducing Opportunities for a Natural Rubber Processing Industry: A Case Study	280
Syarifata Arum Kusumastuti, Suprihatin and Nastiti Siswi Indrasti	
Creating the Standard for Specific Energy Consumption at Palm Oil Industry	286
Alfa Firdaus and M Syamsul Ma'Arif	
Effects of Palm-Dea Non-Ionic Surfactant as an Additive in Buprofezin Insecticide on the Efficacy of it in Controlling Brown Planthopper Rice Pest	290
Fifin Nisya, Rahmini, Mira Rivai, Nobel Cristian Siregar, Ari Imam Sutanto and Ainun Nurkania	
Intelligent Information & Communication Technology for Adaptive Agroindustry of the Future	
Design of Web-Based Information System With Green House Gas Analysis for Palm Oil Biodiesel Agroindustry	294
Yandra Arkeman, Hafizd Adityo Utomo and Dhani S. Wibawa	
Sequential Patterns for Hotspots Occurrence Based Weather Data using Clospan algorithm	301
Tria Agustina and Imas S. Sitanggang	
How to Deal with Diversity in Cultivation Practices using Scenario Generation Techniques: Lessons from the Asian rice LCI Initiative	306
Kiyotada Hayashi, Yandra Arkeman, Elmer Bautista, Marlia Mohd Hanafiah, Jong Sik Lee, Masanori Saito, Dhani Satria, Koichi Shobatake, Suprihatin, Tien Tran Minh and Van Vu	
Development of Life Cycle Inventories for Palm Oil in North Sumatra: Modelling Site-Specific Activities and Conditions	309
Vita D Lelyana, Erwinsyah and Kiyotada Hayashi	
Sequential Pattern Mining on Hotspot Data using PrefixSpan Algorithm	313
Nida Zakiya Nurulhaq and Imas S. Sitanggang	

An Intelligent Optimization Model Analysis and Design of Bio-filtration in Raw Water Quality Improvement	317
Ramiza Lauda and Taufik Djatna	
Development Of People Food Consumption Patterns Information System Based On Webmobile Application.	323
Fadly Maulana Shiddieq, Roni Kastaman and Irfan Ardiansah	
Association Rules Mining on Forest Fires Data using FP-Growth and ECLAT Algorithm	330
Nuke Arincy and Imas S. Sitanggang	
Development Of Expert System For Selecting Tomato (<i>Solanum Lycopersicon</i>) Varieties	334
Erlin Cahya Rizki Amanda, Kudang Boro Seminar, Muhamad Syukur and Noguchi Ryoza	
Developing Life Cycle Inventories for Rice Production Systems in Philippines: How to Establish Site-specific Data within the General Framework	340
Elmer Bautista, Kiyotada Hayashi and Masanori Saito	
Construction of Site-specific Life Cycle Inventories for Rice Production Systems in Vietnam	343
Tran Minh Tien, Bui Hai An, Vu ThiKhanh Van and Kiyotada Hayashi	
Study on Life Cycle Benefit Assessment as a tool for promoting the solution of Environmental Problems	346
Tetsuo Nishi	
Real Time Monitoring Glycerol Esterification Process with Mid IR Sensors using Support Vector Machine Classification	350
Iwan Aang Soenandi, Taufik Djatna, Irzaman Husein and Ani Suryani	
Extraction of Multi-Dimensional Research Knowledge Model from Scientific Articles for Technology Monitoring	356
Arif R. Hakim and Taufik Djatna	
Performance of Artificial Lighting Using Genetics Algorithms	362
Limbran Sampebatu	
The Application of Fuzzy-Neuro Approach for ERP System Selection: Case Study on an Agro-industrial Enterprise	367
Joko Ratono, Kudang Boro Seminar, Yandra Arkeman and Arif Imam Suroso	

Managing Innovation through Knowledge Sharing In an Indonesian Coconut SME

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Abstract - This research seeks to know and understand how knowledge sharing is developed to enhance innovation processes in an Indonesian coconut SME. This research conducted a case study approach in an innovative coconut SME, in which 3 competent people were interviewed in the company as a data collection method. The research has found that knowledge sharing is developed by two methods, direct and indirect. While the direct method focuses on the interaction of knowledge contributor and receiver, the indirect method uses the help of media as a means of knowledge sharing. The research results indicate that direct method has been a considerably more effective in achieving knowledge sharing, due to tacit knowledge usage. Meanwhile, the indirect method serves as leverage for the company to ensure that knowledge is available and accessible. Moreover, the role of knowledge brokers has given an additional understanding on how knowledge sharing is developed in an SME by broadening the knowledge throughout the company. This study has also explored that absorptive capacity becomes the main factor influencing the knowledge transfer success. Employees' awareness to become self learners, motivation, reward system, and level of education has emerged as reasons that determine the level of knowledge acceptance.

I. INTRODUCTION

Indonesia supplies more than 19 million metric tonnes of world coconut needs, or 30% of total world production. However, despite being a number one producer of coconut all over the world, Indonesia has not yet felt the benefits from the advantage.

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Most Indonesian coconut products are sold in forms of low end products, such as copra and crude coconut oil, which has less value compared to high end products. The condition of low added value products from Indonesia arises from the lack of innovative practices of coconut producers, due to the fact that the majority of producers are small and medium Enterprises (SMEs). Consequently, to raise Indonesian coconut products to a higher value, innovation is needed. There are many ways for SMEs to perform innovation. One of which is by having knowledge sharing in its organisation. The reason why knowledge sharing can be important for SMEs is because it becomes the foundation by which individuals can continuously contribute to the development of knowledge creation and management. However, only a small number of researches have focussed on knowledge sharing strategies in SMEs, where most literature has discussed knowledge sharing as part of knowledge management in large firms. Therefore, this study aims to investigate how the knowledge sharing is practiced in SMEs, especially in an Indonesian coconut SME, as an important factor that produces innovation.

II. LITERATURE REVIEW

A. The Nature of the Indonesian coconut SMEs

The Indonesian coconut industry is dominated by small scale companies in which, the majority of the products are produced using low technology. For example, Lay and Pasang (1998) mention products like copra, charcoal, and palm sugar involves only a small number of technologies in their production. Therefore, the quality of these products is considerably poor Suliyanto (2013). Meanwhile, the high-end exported products e.g. desiccated coconut, coconut oil, and active charcoal are produced by medium and high level enterprises. In this level, the technology involvement is more intense compared to the small level. Moreover, Lay and Pasang (1998) formulate strategies needed by Indonesian coconut SMEs to achieve sustainable development of Indonesian coconut industry. One of which is to have product diversifications. Product diversification in coconut industry can be varying, in which coconut trees provide a range of opportunity.

For Indonesian coconut SMEs, this condition is contradictory, since coconut trees provide a whole range of products opportunities, where added value

from the coconut should be maximized to create a competitive advantage for SMEs. Dewi (2011) states that the opportunities of Indonesian coconut industry are: increasing market demand; opportunity on free export taxes; and the development of higher value added products.

B. Knowledge Management and Innovation

Knowledge in general is a conversion process of collected data to information. This information then becomes knowledge when it is applied into something we need. In most knowledge paradigms, it clearly states that knowledge comes from individual awareness and/or experience, which further becomes personal knowledge. Additionally, knowledge can be classified into two types; tacit and explicit. Polanyi (1967) defines tacit knowledge as a knowledge that we know more than we state. Meanwhile, explicit knowledge is the form of knowledge that has been already codified, thus make this knowledge as reachable and easy to communicate (Nonaka 1991). Seidler-de Alwis and Hartmann (2008) argue that both tacit and explicit serve equally in knowledge creation. To be able to use knowledge, the explicit requires the presence of tacit.

Knowledge management comprises of three dimensions; knowledge creation, knowledge sharing, and knowledge utilisation. The basis of knowledge creation theory came from Nonaka and Takeuchi's work. They emphasize that knowledge creation comes initially from personal knowledge, and mostly in forms of tacit. In order to make knowledge becomes public domain and reachable, it needs to be socialized with other members within an organisation.

In addition, knowledge as a part of knowledge management (KM) has been discussed widely for its benefits in supporting innovation in organisations. For example, Maqsood (2006) explains that the link between innovation and knowledge management is that innovation comes from tacit knowledge of one person who acts as agent of change, and begins to influence people to innovate. Adding to this, Du Plessis (2007) views knowledge management serves as a 'catalyst' for innovation, as it provides the access to knowledge based resource that is needed to perform innovation. Firestone et al. (2005) define knowledge management as a continual process of knowledge development to improve results and the knowledge itself.

Leal-Rodríguez et al. (2013) argue that KM works by providing management with the necessary framework that is needed to perform innovation. This structure is essential for organisations so that they can keep improving their capability to innovate. Moreover, López-Nicolás and Meroño-Cerdán (2011) claim that KM supports companies to be creative, proficient and productive which raises their competitive advantage. Therefore, it is inevitable that KM leads to better firms performance through innovation process (Du Plessis 2007).

C. Knowledge Sharing in SMEs

Baptista Nunes et al. (2006) argue that SMEs are still low in applying knowledge management as part of their business strategy. As a result, SMEs need to apply knowledge management strategy as their core competency (McAdam & Reid 2001). Moreover, Guzmán, Serna and de Lema (2012) demonstrate three benefits of KM for SMEs as follow. Firstly KM can make SMEs aware of the outside knowledge that might be useful for them and bring it to the company. Secondly it helps the company to develop outside knowledge and utilize it to create competitiveness in their production. Thirdly KM is beneficial to ameliorate management system. Riege (2005) argues that SMEs are lack in maximizing their potential to use knowledge as their competitive strategy and do not have strategic approach to share knowledge, leading to a lack of innovative performances.

Du Plessis (2007) views that the absence of explicit knowledge in an organisation makes knowledge transfer process hard to achieve, leading to constraint in the innovation practice. Therefore, the process of shifting tacit to explicit is important for any organisation. Tsui et al. (2006) characterise three ways as knowledge sharing strategy based on the media used, which is writing, speaking and information technology. Although it is generally believed that knowledge sharing strategy has different outcomes between companies, some researchers have found similarities in methods of knowledge sharing practices. For example, Ohiorenoya and Obadan (2014) found that the most frequently used method for KS is verbal communication, in forms of face to face meeting. Extending this idea, McAdam and Reid (2001) compared 46 large firms to 49 SMEs in regards to their perspective in knowledge management, and found that the most practiced method to share tacit knowledge is by informal discussion. This method also appears to have full support from the companies. This view indicates that dialogue (in forms of informal discussion) has significant contribution in acquiring tacit knowledge. Besides methods of sharing knowledge, it is also important to explore factors that contribute to knowledge sharing processes. Much literature focuses on the individual factor as the main factor that influences knowledge sharing in organisations. Riege (2005), for instance, addresses three elements that need to be fulfilled by a company in order to have an effective knowledge sharing process, that is: individual factor (such as motivation, support, and incentive of employees to capture and share their knowledge); organisational factor (company goals and strategy in relation to knowledge sharing practices); and technological factor (knowledge accessibility to the organisation). From this framework, it can be seen that the knowledge sharing characteristic of a company will be different to others (due to the difference of company's culture), which means a

competitive advantage for one company cannot be copied by others.

Szulanski (1996) states the effectiveness of knowledge transfer in organisations depends on three factors, namely: absorptive capacity of the recipient; causal ambiguity; and relationship between the source and the receiver. However, in SMEs where informal interaction dominates the activity, the causal ambiguity and individual relationship do not significantly affect the knowledge sharing process. Hence, the possible factor that might influence knowledge sharing in SMEs is absorptive capacity of recipients.

Similar to previous notions, Haldin-Herrgard (2000) points out main difficulties in tacit knowledge sharing are awareness and language. The issues are not only communicating and articulating what we know, but also how to make tacit connects to explicit. This idea is strengthened by Finally, the use of IT as a strategy to share knowledge has drawn attention to many academics. Several researchers have tried to discuss the importance of IT on knowledge sharing effectiveness. To illustrate, Choi, Lee and Yoo (2010) suggest that to have an effective knowledge sharing process, a company needs to consider the selection of their IT tools. A more general example is from Baptista Nunes et al. (2006) who state that the use of ICT as knowledge management approach has demonstrated to bring values for large companies, while in SMEs KM is performed in an informal way, which does not rely much on ICT systems.

TABLE 1
PROPOSED RESEARCH FRAMEWORK

Research Questions	Factors Examined	Key Literatures
How is knowledge sharing developed in an Indonesian coconut SME?	Method for sharing knowledge	Nonaka and Takeuchi (1991); McAdam and Reid (2001); Smith (2001);
What Factors are important to share knowledge in an Indonesian coconut SME?	Absorptive capacity, Role of knowledge broker, Role of IT	Riege (2005); Szulanski (1996); Haldin-Herrgard (2000); Tsui et al. (2006); Baptista Nunes et al. (2006)

III. RESEARCH METHOD

The data was collected using semi-structured interview in *SR* company. The company was selected as source of information for this study due to the reason of the company has been successfully practicing innovation in its daily activities and becoming source of knowledge for other coconut SMEs in Indonesia. It indicates that the company has knowledge sharing as a part of their business innovation. In addition, 3 people were selected as source of information for this research. They were

selected for their abilities and experiences in relation to innovative practices in the company.

The interview was conducted in two periods. The first interview was done in person with the owner, and IT staff. The second was done by phone to the owner and marketing manager. The second interview was needed to complement data from the first interview. Each interview was tape-recorded and lasted between 40-60 minutes. Finally the data was analysed using descriptive and interpretive approach, in which researcher's interpretations were contrasted with past researches and literatures to give a more general understanding of knowledge sharing practices.

IV. FINDINGS AND DISCUSSION

A. How is knowledge sharing developed in an Indonesian coconut SME?

Knowledge sharing is developed by two methods, one direct and one indirect. The Direct method includes direct mentoring from the owner, training, apprentices, and assignments. The Indirect method involves media as means of knowledge transfer, such as information technology (IT) and paper. This method covers Standard Operating Procedure (SOP), digital video disk (DVD), and television.

The Direct method plays an important role in the effectiveness of knowledge sharing in the SME, as a majority of knowledge is shared in forms of tacit knowledge. Direct mentoring from the owner to selected employees has made the knowledge sharing more effective, where, both parties can make real-time communication, and then extend the learning process through dialogue. Although many researches and studies view tacit knowledge as knowledge that difficult to be shared because it's still in the forms of personal knowledge, which means that the tacit knowledge is only presence in people minds and hard to be accessed, but for companies that do not apply knowledge management strategy in its businesses tacit knowledge might serve as their valuable capital. This is probably because these companies have different culture with big companies. For example, Sumber Rejeki has an informal culture in their activities, in which most of information and knowledge sharing activities take place by informal discussion.

This finding accommodates McAdam and Reid (2001); and Smith (2001) theories, in which direct communication and informal interaction between the knowledge source and the recipient as a preferred method for SMEs to share knowledge. Since in this company tacit knowledge holds the biggest proportion of knowledge, this then confirms Nonaka and Takeuchi's theory in relation to tacit knowledge as an important part to create competitive advantage in an organisation.

Additionally, the role of knowledge brokers is surprisingly crucial in the SME. They work as trainers whose role is to spread knowledge wider inside the organisation. While, Tsui et.al. (2006) suggest that

knowledge brokers are important to bridge knowledge from organisation to outside parties (e.g. government and academics), the data shows that it is also important to have knowledge brokers inside small firms.

However, the data also indicates that the company only absorbs 30% of the owner's knowledge. Given this fact, the researcher considers that this might create disadvantage for the company in terms of performing innovative activities. Because, inadequate knowledge in the company might limit new ideas to be developed to create innovation.

The second method, indirect, contributes 30% of company knowledge. This method varies from media used to help knowledge transfer processes. The most used media is information technology (IT), where the owner tries to store and transfer his knowledge by using media such as company's website, and video instruction. Adding to this, the company also collaborates with local television channel to record his views, and then it can be accessed through a video-sharing website.

Seeing that the use of IT dominates all the indirect methods, company supports to accommodate these needs is important. Although the use of IT as part of strategies to share knowledge would be challenging for small companies in terms of providing designated person to manage IT, but the possibility of knowledge to be shared effectively is too important to be neglected. Hence, the role of government is crucial to help small companies to be competitive, one of which is by providing trainings in IT field. Additionally, the use of IT as tools to help knowledge sharing process (storing and accessing) resonates with Choi et.al (2010) who view that IT could help for knowledge sharing to be more effective. On the other side, this finding differs from Nunes et.al (2006) opinion that SMEs do not rely upon ICT as their knowledge management strategy. This is noticeable from the IT usage as the most frequently means to transfer explicit knowledge in the company. The owner's effort in shifting tacit to explicit is regarded as a risk managing strategy for the company. As the owner is aware of possible drawbacks that might arise if the tacit knowledge is not made explicit, he then codified his knowledge into manuals, website articles, and video instructions which can be accessed further by employees or anyone outside the company. The owner stated the following:

'Yes, indeed it becomes a threat. That is why if you visit our website, there will be a link to YouTube video. It has been 3 episodes, and we cooperate with local TV station. Thus, from the written knowledge I made it recorded into digital video disk. But the educational level determines the acceptance of someone'

As a result, the availability of explicit knowledge can help the company to ensure that its knowledge asset is accessible to anyone in the company. Another benefit to have explicit knowledge in the company is

to ensure that the company can access knowledge when tacit knowledge becomes obsolete or when the key people leaving the company and bring their knowledge with them. In other words, explicit knowledge is as just as important as tacit knowledge for the company, and any company needs to make explicit knowledge to become its organisational knowledge. This finding is in accordance with Du Plessis's (2007) belief that the absence of explicit knowledge in a company might inhibit the innovation process.

However, the explicit knowledge in the company has an obstacle in relation to knowledge utilization. Employees often find difficulties in understanding and utilizing this explicit knowledge. The owner argues that level of education might influence the knowledge acceptance of employees. As Riege (2005) mentions education level as one of barriers in KS in large companies, this aspect appears to have an effect on small firms as well. In contrast with this finding, the level of education in tacit knowledge sharing does not affect knowledge acceptance of employees. This is probably because of the expertise of the owner who knows how to address recipients, and find ways to suit them.

B. What factors are important in knowledge sharing effectiveness in an Indonesian coconut SME?

Absorptive capacity (or knowledge acceptance) from receivers would appear to be the most significant contributing factor for establishing an effective knowledge sharing process in this company. Szulanski (1996) claims that absorptive capacity is one of the attributes that is significant for sharing knowledge, and the result of this study has acknowledged his view. Since absorptive capacity is influenced by individual factors, it is important for the company to deal with this issue by providing facilitating support. It means that the company needs to have secondary sources for employees accessing knowledge. For instance, employees have access to text books or manuals to enrich their knowledge or the company can allocate time to have discussion session with employees.

The owner claims that employees' awareness to become self-learners determines the effectiveness of knowledge sharing. This result shows that the motivation of individuals play a significant contribution to the progress of knowledge sharing.

Reward also serves as an enhancing factor for knowledge sharing. This relates to employees' motivation to be actively involved in the knowledge sharing process. The more employees contribute to knowledge use, leading to innovation processes, the greater the reward they can achieve. As this company rewards its employees by shares (not on a salary basis), it indicates that a person can have more shares if he/she makes a greater contribution in the knowledge sharing and innovation processes.

This study also supports Riege's (2005) idea about SMEs' strength in knowledge enabling environment. This might be because the company has an informal environment. Thus, the differences (e.g. age, level of education, status) among employees do not create obstacles to share ideas and experiences, and presumably new knowledge could arise from this condition.

Another important factor in effective knowledge sharing process is patience. The owner explains that it takes a certain time to be able to comprehend knowledge. Hence, a continual effort is required to apply knowledge. Due to this reason, the owner suggests patience as an important factor in effective knowledge sharing. In relation to theoretical contribution, this aspect extends the Baptista Nunes et al. (2006) and Cavusgil et.al, 2003 theory that argues if (tacit) knowledge requires effort and time to be transferred.

In addition, direct mentoring from the owner, who holds most of knowledge in the company, is seen as a preferable technique for knowledge sharing process. Direct mentoring provides guidance and supervision in drawing tacit knowledge from the source of knowledge. This can be perceived from the owner's statement, as he said: *'Yes, I feel that the direct mentoring is the most effective method to share knowledge. Even though i already provided them with instructional video and SOP, but at some extent they did not confident enough to do it. This is not only happen to people who have less formal education, but also for those who have tertiary education. I think this probably because they have a lack of achievement.'*

Therefore, this method implies that to be effectively shared, tacit knowledge requires continuous collaboration from both the knowledge contributor and receiver. It indicates that it is important to have people whose knowledge can guide the knowledge transfer within a company

C. Limitation of the Study

This research mainly concentrates on the practicality of knowledge sharing process and does not examine comprehensively the relationship between individuals e.g. trust among employees, motivation and retention to share knowledge. Because, addressing the interrelationship among individuals (e.g., motivation or retention to share knowledge) would be more difficult in the limited time frame. Therefore this research focuses on the individual factor as well as the practicality of knowledge sharing in a company.

D. Recommendation for Future Research

Although much of the literature has discussed the importance of explicit knowledge as an asset to perform innovation, this research found that the explicit knowledge is not the preferred option for the SME to share knowledge. This study also found that the role of knowledge broker may well increase the effectiveness of knowledge sharing in SMEs.

Therefore, future research is required to further investigate factors that may contribute to the improvement of explicit knowledge sharing as well as the potential role of knowledge broker in SMEs.

E. Summary

Since knowledge serves as capital to conduct innovative activities, it is essential for SMEs to manage knowledge as one of its competitive advantage. Although tacit knowledge is a more preferable option for SME to share knowledge, but the presence of explicit knowledge needs to be considered as an important part in sharing knowledge strategy. SMEs also require facilitating knowledge management, and maximizing information technology as tools to enhance innovation towards knowledge sharing processes.

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