

Guidance on Identifying the Root Causes of Problems In the Coconut Processing Business at the Coconut Processing Centre In Pemenang Subdistrict

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Abstract: The enormous potential of coconuts in North Lombok Regency has encouraged many parties to take an interest in the coconut industry. Unfortunately, the majority of coconut production is sold off-island in the form of whole coconuts, meaning that the economic impact on the development of North Lombok's economy remains sub-optimal. The presence of coconut processors in Pemenang Sub-district is seen as capable of generating added value, albeit on a relatively small scale. This is due to the numerous business challenges still faced by these coconut processors. This reality has led to uncertainty amongst the artisans regarding which aspect to address first in order to overcome the problems they are currently facing. For this reason, this problem-tree mapping support activity was carried out to guide the artisans in identifying the root causes of the problems. The support began with observation and interviews with key coconut processors, followed by a focus group discussion (FGD) at the coconut processing centre in Pemenang. Previously, the artisans were unable to determine which problems needed to be addressed immediately; however, through this initiative, they have begun to realise that not all problems need to be resolved – it is sufficient to tackle those that constitute the root causes. It is hoped that this mentoring process will serve as a starting point for ongoing capacity-building in the development of coconut processing in Pemenang Sub-district.

Keywords: Root Causes, Coconut Processing Business, Pemenang Subdistrict.

Introduction

North Lombok Regency has been designated as one of the centres for coconut development in West Nusa Tenggara Province, with the area under cultivation and production output shown in Table 1. Unfortunately, the majority of this coconut production is sold in bulk (whole/kernels) to destinations outside the island (primarily Java), resulting in relatively low added value. This potential should be optimised to diversify processed coconut products so that they command a higher selling price. Efforts to develop the coconut agro-industry and coconut processing have already been undertaken by several farmers' groups in North Lombok Regency, specifically in the production of cooking oil and VCO. The raw materials for producing coconut oil

and VCO in North Lombok Regency are largely sourced from farmers and coconut collectors located in several sub-districts.

Table 1. The Amount of Coconut Trees and Coconut Production in KLU in 2023.

No	Subdistrict	Planting Area (ha)	Production result	
			Amount (ton)	Average (Kg/Ha)
1	Pemenang	2.649	2.945,77	1.200,13
2	Tanjung	3.530	4.054,23	1.246,75
3	Gangga	1.774	1.945,03	1.245,44
4	Kayangan	1.494	1.136,00	1.001,43
5	Bayan	2.034	2.041,94	1.231,57
	KLU	11.490	12.122,96	1.205,01

Source: KLU Agriculture and Plantation Service, 2023

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As a result of this extremely high volume of coconut trade to other islands, coconut processors have faced disruption. Shortages in the supply of coconuts have begun to be felt in North Lombok Regency, particularly of mature coconuts ready for processing into cooking oil and VCO (Basuki, 2024). For several decades now, North Lombok Regency has been developing the coconut processing industry to produce coconut oil and VCO through a cluster-based approach. There are several coconut processing industry clusters across various sub-districts, though not all of these clusters remain active today. Currently, a coconut processing industry cluster can still be found in Pemenang Sub-district, comprising 10 (ten) business groups and more than 100 artisans. Unfortunately, this coconut processing industry cluster has not yet succeeded in improving the welfare of its artisans.

Many business operators in coconut processing centres face obstacles in increasing the added value of their products due to limitations in management and market access (Sathana, 2018; Saloko et al., 2025). Businesses that only sell products in their raw form tend to have low economic value, whilst efforts to diversify products are hampered by a lack of knowledge regarding industry standards and marketing strategies (Saloko et al., 2025; Tharaba et al., 2021).

Table 2. The root causes of the challenges in business development

Problem Category	Description of the Root Cause
Management	A lack of understanding in business management, marketing and competitive advantage (Singandaru, Krisnina, Putri, & Safitri, 2026; Tharaba & Noviyanti, 2022)
Diversification	The lack of high-value-added derivative products (Saloko et al., 2025)
Regulation	A lack of oversight by regulatory authorities and poor compliance of quality standards (Samarasinghe et al., 2023)
Market Access	Limited access to wider and more competitive markets (Saloko et al., 2025)

There are quite a number (thirty-five) of problems faced by coconut processors in Pemenang Sub-district that need to be analysed and resolved appropriately. Given the sheer number of problems faced, the artisans are at a loss as to which issues should be addressed first. In light of this confusion, this mentoring programme has been organised to help them identify the root causes of these problems, thereby easing their concerns, using the Problem Tree approach.

Method

The stages of activities carried out in this mentoring are:

1. Observations and engagement with the management of the coconut processing centre, with the aim of gaining a general overview of the business conditions at the centre. During this activity, the team met and conducted preliminary interviews with several group leaders who were regarded as key figures within the coconut processing centre. The results of these observations led to the idea of following up with a focus group discussion (FGD) involving a larger number of participants.
2. A focus group discussion (FGD) was held to gather information regarding all the real issues they are currently facing in running their coconut processing businesses. During this session, an effort was also made to draw up a problem tree consisting of :
 - a. The ‘Trunk’ problem, which is the main problem to be addressed;
 - b. The ‘Root’ problem, which is the cause of the ‘Trunk’ problem and must be resolved first. Resolving the ‘Root’ problem will automatically resolve the ‘Trunk’ problem and other problems above it.
 - c. The ‘Branch’ (twig) problem, which is a consequence of the ‘Trunk’ problem.

Result and Discussion

This mentoring activity took place in June 2025 at the home of the Chair of the UD Al-Amin Group, which is the group with the highest production output of all the existing groups. During this focus group discussion (FGD), the participants—who were the Chairs of the Coconut Processing Artisans’ Groups—outlined the issues they were facing. A total of 35 business-related issues were successfully identified and addressed by these coconut oil artisans, namely:

1. Raw material prices fluctuate
2. The market reach is still limited
3. Lack of awareness of the business’s position
4. Inability to fulfil all orders
5. No stock of raw materials
6. Lack of discipline
7. Management capabilities remain low
8. Lack of government support
9. Product selling prices have surged
10. Processing waste is not yet being utilised optimally
11. High dependence on raw material collectors
12. Weaknesses in capital
13. No business plan in place
14. Low capacity to produce other products
15. Raw material prices are determined by collectors
16. Artisans’ profits are declining
17. Limited market/consumer base
18. Market opportunities are not yet being utilised to the full

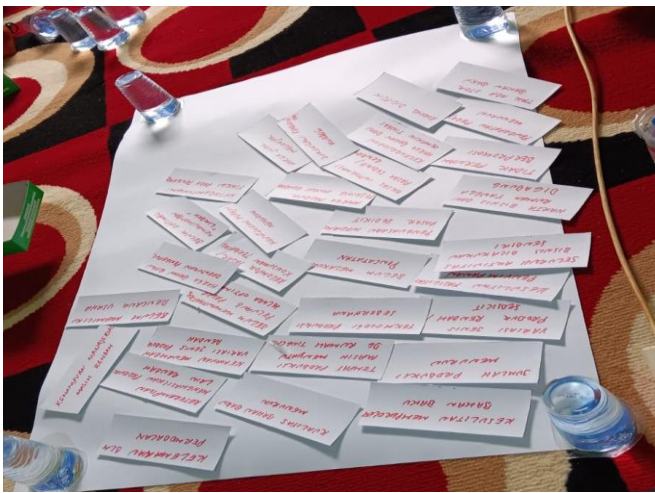


Figure 2. The Problem Identification Process



Figure 3. The FGD atmosphere

Conclusion

Based on the entire process of the mentoring activities carried out in Pemenang relating to the identification of the root causes of the problems at this coconut processing centre, the following conclusions can be drawn:

- The coconut processors in Pemenang demonstrated a genuine commitment to understanding the root causes of the business problems at the coconut processing centre more accurately, thereby enabling them to make more informed decisions.
- This commitment is demonstrated by their earnestness in engaging in discussions to identify the underlying issues.
- FGD participants are committed to sharing and applying what they have learnt in the future, both within their own groups and in wider contexts.
- Participants expressed a desire for ongoing support from a wide range of stakeholders, including academics, the government, NGOs and other SME advocates.

The recommendations that can be offered to all parties, including the managers and coconut processors in Pemenang, are as follows:

- There is a need for further capacity building, particularly regarding entrepreneurship and small business management, in order to improve their business performance.
- External parties concerned with the development of small-scale industries are encouraged to provide assistance across all aspects, including technical support, in line with the businesses' specific needs and circumstances. The provision of equipment or machinery that is not yet required is viewed as a waste, as it would become idle assets.

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