22. COFFEE DOWNSTREAM PROGRAM IN EAST JAVA (Case Study in Bondowoso)

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Submission date: 07-Jul-2022 11:39AM (UTC+0700)
Submission ID: 1867581696
File name: ee_Downstream_Prtogram_in_East_Java_Case_Study_in_Bondowoso.pdf (262.16K)
Word count: 2651
Character count: 13144

COFFEE DOWNSTREAM PROGRAM IN EAST JAVA
(Case Study in Bondowoso)

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Abstract : The purpose of this study was to determine the measurement of the value added performance of coffee farming groups of farmers in Bondowoso, East Java. The area used for the research was determined purposively, namely the farmer groups in Bondowoso Regency. The results showed that processing the coffee into packaged ground coffee gave an added value of 91.60%. This shows that handling up to the downstream sector is very important and must be done by all elements involved in the coffee commodity.

Keywords: Value Added, Agribusiness System.

I. INTRODUCTION

The gradual development is intended to be able to guarantee the development rather than the development itself, which is done while still relying on one's own abilities which will then gain experience. This gradual and consistent development is expected to provide opportunities for the community and their institutions to be able to adapt to each stage of development. Agricultural development, which takes into account the expansion of the upstream sector to the downstream sector, is known as the development of the agribusiness system. Agribusiness development is influenced by physical environmental conditions, making agribusiness not in conflict with regional autonomy. Even with the existence of autonomy, it is hoped that agribusiness can develop better. So far, the location of national agro-industry development is more oriented towards urban consumers, this is because in addition to the available infrastructure tends to support the urban sector, this is due to the market orientation still prioritizing the domestic market.

As an agricultural country, it should be if the mainstream of future economic development in Indonesia is focused on efforts to increase the capability of agricultural resources, including in the plantation sector. With commodities that are so popular internationally, such as sugar cane, coffee, cocoa, and tobacco in East Java. Coffee from the perspective of plantations, industry and services clearly has a very close relationship and has high interdependence, which as a whole is needed to realize people's welfare (Wibowo, 2012).

According to AEKI (2014), the proportion of Indonesia's coffee export allocation shows that the United States, Germany and Japan are still the main destination markets for Indonesian exporters. The high demand cannot be separated from the challenges that must be faced by Indonesian exporters. On the other hand, the problem of the quality of Indonesian coffee and the non-tariff policies implemented in importing countries affects the ability of Indonesian coffee to enter major importing markets, which are generally developed countries that are very concerned about the safety of foodstuffs that enter their countries. This condition directly affects the low competitiveness of Indonesian coffee compared to other exporting countries and causes the share of Indonesian coffee exports to tend to fluctuate and experience a decline.

The concept of added value is an increase in value that occurs because of the treatment of a commodity. This treatment can take the form of providing quality and sustainable raw materials in the upstream sector and processing commodities in the downstream sector. These activities will increase the value of the process as well as the price value of a commodity. Value added analysis

uses the Hayami Method. This added value calculation is based on one main raw material unit. There are several variables involved in this value added analysis. Conversion factor, shows the number of processed products produced from one kilogram of raw materials. Labor coefficient, shows the amount of direct labor required to process one input unit. Meanwhile, the product value shows the output value generated from one input unit. The value of other inputs includes the value of all sacrifices other than the raw materials and direct labor used during production.

Value added analysis according to the Hayami method is carried out with clear procedures. Information generated through the Hayami method on the agro-industry subsystem is in the form of (a) added value (IDR), (b) value added ratio (%), showing the percentage of employee benefits (%), (c) remuneration for labor (IDR), shows the amount of wages received by direct workers, (d) share of labor (%), shows the percentage of employee benefits from added value, (e) profits (IDR), shows the share received by employers, (f) profit rate (%), shows the percentage of profit to added value. Because there are three types of products that are processed, the resulting value added table is three tables of added value using the Hayami method. Until now, the plantation sector is one of the main economic drivers in the province of East Java. The role of the agricultural sector is indicated by the high contribution of the agricultural sector to the economy in East Java province. Post-harvest activities are an integral part of agribusiness development, starting from the aspect of producing raw materials to marketing the final product. The role of post-harvest activities is very important, because it is one of the agribusiness sub-systems that has great opportunities in an effort to increase the added value of agribusiness products. Compared to fresh products, processed products can provide great added value.

The process of creating added value by utilizing natural and human resources in various regions of Indonesia is still open for development. By paying attention to a healthy business climate and preserving the environment, the utilization of these resources can be optimized and preserved within the framework of the agribusiness system.

The purpose of this study was to determine the downstream (added value) program of farmer group coffee farming in Bondowoso, East Java.

II. RESEARCH METHODS

This research uses descriptive analytical method, descriptive research aims to make a picture of a situation or event. Problem solving is done by first collecting data using interview techniques and questionnaires. The data were then compiled and analyzed. The final result is a complete picture of the problem presented in the form of data tables and variables analyzed both qualitatively and quantitatively (Nazir, 2009). Determination of the location is determined by purposive, where the selection of the location is done on a group of subjects based on the characteristics and characteristics of production that have been previously known. Bondowoso District (Farmer Group of Sukorejo Village, Sumber Wringin District) was chosen.

To determine the amount of added value obtained from coffee processing, using the added value calculation method developed by Hayami (1987). a. Value added (IDR) is the difference between the output value and the main raw materials and other input contributions. Value added ratio (%) shows the added value of product value; b. Labor income (IDR) shows the wages received by workers for processing one unit of raw material; c. The share of labor (%) shows the percentage of labor income from the added value obtained; d. Gross income (IDR) shows the share that the company receives; e. The gross income rate (%) shows the percentage of gross income from the value of the product; f. Margin (IDR) indicates the amount of contribution of the owners of production factors other than the raw materials used in the production process; g. Labor income

percentage against margin (%); h. Percentage of additional input contribution to margin (%). i. Percentage of processing profit against margin (%).

III. RESULTS AND DISCUSSION

Table 1. The cost of raw materials in one production (per week) (Arabica Coffee).

Number	Description	Of Needs	
		Weeks	Month
1	Ground coffee frequency	1	4
2	Raw material requirements (Kg)	3	12
3	Raw material costs (coffee beans)	IDR. 240,000,-	IDR. 960,000,-
	Raw material prices (IDR / Kg)	IDR. 80,000,-	IDR. 80,000,-

Table 2. Supporting materials used for one production (per week)

Number	**Description**	**Volume**		**Unit price**	**Cost**	
		Per Week	Per Month		Per Weeks	Per Month
1	Packaging + stickers	22 Pcs	48 Pcs	IDR. 3,000,-	IDR. 66,000,-	IDR. 264,000,-
2	Electricity			IDR. 24,000,-	IDR. 6,000,-	IDR. 24,000,-
3	Water			IDR. 6,000,-	IDR. 1,500,-	IDR. 6,000,-
Total					IDR. 73,500,-	IDR. 294,000,-

Table 3. Labor in processing ground coffee in one production

Number	**Description**	**Total**
1	HOK (for one time production)	2
2	Labor wages (IDR / work day)	IDR. 50,000,-

Table 4. Analysis of Added Value of Ground Coffee Processing

Nuber	**Variable**	**Value**	**Information**
	Output (Out put) input (In put) and price		
1	Output (kg / production period)	2.4	A
2	Input (Kg / production period)	3.0	B
3	Labor (HOK / production period)	2.0	C
4	Conversion factor	0.8	D=A/B
5	Labor Coefficient (HOK / kg)	0.67	E=C/B
6	Output price (IDR / kg)	200,000	F
7	Labor Wages (IDR / HOK)	50,000	G
	Income and Value Added (IDR / 2.4 kg)		
8	Raw material prices (IDR / Kg)	80,000	H
9	Other input prices (IDR / kg)	73,500	I
10	Output value (IDR / kg)	480,000	J

11	Added value (IDR / kg)	399,927	K=J-H-I
	Value added ratio (%)	83.32 %	L=K/J*100%
12	Labor Income (IDR / kg)	33,500	M=E*G
	Share of workforce (%)	8.38 %	N=M/K*100%
13	Profit (IDR / kg)	366,427	O=K-M
	Profit rate (%)	76.34 %	P=O/J*100 %
	Remuneration for production factors		
14	Margin (IDR / kg)	400,000	Q=J-H
	a. Labor (%)	8.37 %	R=M/Q*100%
	b. Capital (other input contributions) (%)	18.37 %	S=I/Q*100%
	c. Profit (%)	91.60 %	T=O/Q*100%

Value added analysis is useful for describing the production process according to the contribution of each production factor. The basis for calculating this added value analysis method uses the calculation of kg of coffee raw materials. The added value of coffee is calculated based on the type of derivative product. The output (processed product of coffee agro-industry) is coffee powder. The following is a calculation of the added value of coffee which produces a pure powder product using the Hayami method. Table 1, 2, 3, 4, shows that the added value to the pure powder product per production is 2.4 Kg from the input use of 3 Kg. Based on the amount of output and main raw material input, the conversion factor value is 0.8. The conversion factor value indicates that from processing one kilogram of coffee powder will produce 0.8 kilogram of pure powder. The number of workers used is 2 people, where the number of working days in a month is 26 days with working hours is 7 hours per day. The labor coefficient value is 0.67, which means that 0.8 HOK is needed to process it into pure powder products.

The added value obtained from processing coffee into pure powder products is IDR. 399,927, - The value added ratio of coffee powder processed into pure powder products is 83.32%, meaning that every IDR.480,000, - from the output value there is an added value of IDR. 399,927, -. The distribution of added value to labor income is obtained from the multiplication of the labor coefficient and the labor average wage. The amount of labor income earned is IDR 33,500 per 2.4 kilograms of raw material with a workforce share of 8.38% of the gross added value. This value indicates that for every IDR.480,000 of added value, 8.38% is a share of labor. The processing of coffee into pure powder products has provided benefits for employees. The profit obtained from these production activities was IDR 399,927 per 2.4 kilogram. This value is a net added value because it has been reduced by direct labor income. The profit rate of processing is 76.34%. The margin obtained from the analysis of the added value of pure powder is IDR. 400,000, - from raw materials. The amount of margin will be distributed to production factors, consisting of 8.37% for labor income and 18.37% for other input contributions, and for a profit of 91.60%. Furthermore, after the Covid 19 pandemic, there was a very real change, where the Margin obtained from the analysis of the added value of pure powder was IDR. 259,000, -, the amount of margin will be distributed to production factors, consisting of 12.93% for labor income and 28.37% for other input contributions, and 58.49% for profit. Kustiari (2007) states that the demand and price of processed coffee tends to always increase, this product diversification can be developed at the SME scale and also on a large scale, given that coffee processing technology is relatively simple and can be designed in various business scales, so that the added value of processed coffee products this can be enjoyed by coffee processing farmers. The prospect of developing coffee in Indonesia will be even brighter with increased competitiveness and efficiency in producing high quality specialty coffee, safe for consumption and environmentally

friendly so as to increase and maintain market share at home and abroad.According to Fahmi (2010), it is a must to increase business competitiveness at this time, because sustainable competitiveness will increase economic and business resilience as part of the overall economy. Although it is relative in the application of the concept of competitiveness, it is carried out with a total approach, so that the strength and weakness can be measured by making criteria or seeing certain indicators as a reference (Kurniaty et al., 2012).

IV. CONCLUSION

Based on the research results, it is obtained that the margin obtained from the analysis of the added value of pure powder is IDR. 400,000, - from raw materials. The amount of margin will be distributed to production factors, consisting of 8.37% for labor income and 18.37% for other input contributions, and for a profit of 91.60%. Furthermore, after the Covid 19 pandemic, there was a very real change, where the Margin obtained from the analysis of the added value of pure powder was IDR. 259,000, -, the amount of margin will be distributed to production factors, consisting of 12.93% for labor income and 28.37% for other input contributions, and 58.49% for profit.

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