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Analysis of Brown Sugar MSME Income in Lembantongoa Village, Palolo District, Sigi Regency

Muhammad Mukram¹⁾

Ira Nuriya Santi²⁾

Zakiyah Zahara³⁾

Sri Wanti⁴⁾

^{1),2),3),4)} Faculty of Economics and Business, Tadulako University

email: ¹⁾ muhammadmuckram@gmail.com

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Corresponding Author:

Muhammad Mukram

email:

muhammadmuckram@gmail.com

ABSTRACT

Calculating the cost of production is an important thing to pay attention to because competition between MSMEs is increasing in producing quality products at fairly competitive prices. This research aims to determine how HPP is calculated to determine the income of brown sugar MSMEs. The data used is primary data and secondary data. The research was conducted on brown sugar MSMEs in Lembantongoa Village, Palolo District, Sigi Regency. Research shows that the basic price of brown sugar production is Rp. 910,000 per production with a selling price of Rp. 15,000/kg, income reaches Rp. 1,125,000. The importance of managing production costs is to set competitive selling prices in the market and continue to monitor and optimize production costs to increase efficiency and profits. Apart from that, setting selling prices that are in line with market prices is a critical step to maintaining product competitiveness.

INTRODUCTION

Concerns about the market economy have become a frightening specter for business actors in Indonesia; the cause is the weak competitiveness of local industry, which erodes the potential of local entrepreneurs and several Micro, Small, and Medium Enterprises (Ramadani & Arfida, 2017). Industrial growth amidst the threat of limited raw materials and minimal protection through policy means it is necessary to increase the quality and quantity of production, and one way that can be taken is to increase productivity and business efficiency (Serrasqueiro et al., 2023). Increasing farmers' income and welfare often comes with the problems of relatively low farmer knowledge, limited capital, limited arable land, and a lack of farmer skills, which will later affect farmer acceptance (Adda et al., 2022).

Central Sulawesi is a province with much biodiversity, which has the potential to be developed in developing, especially in the agricultural industry. The brown sugar manufacturing industry is one of the industrial developments carried out by the Lembantongoa community. This industry utilizes small-scale sugar palm, coconut, and palm trees, or what is usually called a home industry. Lembantongoa Village is one of the brown sugar-producing areas in Palolo District. Even though the processing process is still traditional, Lembantongoa brown sugar is famous. Some people make brown sugar. However, most people who make brown sugar live or are in remote locations, so they have limited information.

Income from product sales and costs for sacrifices that must be made by the business to produce or produce goods will determine the actual cost price. Income is an increase in assets, which increases owners' equity, but not due to an increase in new capital from the owner and not an increase in assets caused by an increase in liabilities (Saragih et al., 2018). Meanwhile, costs are the acquisition price that is sacrificed or used in order to obtain income and will be used as a reduction in income (Habibu et al., 2022).

The value-added production process can increase economic growth for local communities, considering that economic growth has become an interesting issue in the last few decades (Siska et al., 2023). Therefore, MSMEs must pay attention to every cost incurred in their production activities. Based on the information obtained, the number of sales of brown sugar has increased from year to year. However, the brown sugar industry in Lembantongoa Village has not recorded and categorized the correct production costs for its business. In this business unit, the owner only records the amount of money received and spent, the number of goods sold or purchased, and the amount of debt or receivables without classifying the amount of funds spent on production costs.

The importance of cost-of-production analysis must be considered. The cost of production includes all costs involved in the production process, including raw materials, labor, energy, and other production factors (Rapii et al., 2023). The greater the business capital used, the greater the income earned. Capital and income have a very close relationship, so if there is a shock to the capital, it will have a greater impact on income (Aaliyah & Witiastuti, 2015). A decrease in capital will result in a decrease in income below capacity. The role of capital in production capacity is very large because capital is a very important production factor. The problem of capital shortage can be viewed from two aspects: the lack of capital funds available in society and the lack of capital funds to finance the formation of new capital. The limited capital tools of the economy can be seen from the limited infrastructure and the limited modern machines available. This situation has very serious implications for the economy, which will cause some economic activities to have low productivity so that the income earned will also be low (Polandos et al., 2019).

Lembantongoa Village, located in Palolo District, Sigi Regency, has great potential in brown sugar production through micro, small, and medium enterprises (MSMEs). Brown sugar is a traditional product that is important to the local economy. Even though it has great potential, the welfare of brown sugar MSMEs in Lembantongoa Village is still a major concern. The growth of brown sugar MSMEs in Lembantongoa Village can be identified as part of local economic development efforts. However, factors such as fluctuations in raw material prices, changes in government policies, and infrastructure constraints may affect the income of brown sugar MSMEs. Therefore, an in-depth analysis of the income of brown sugar MSMEs in Lembantongoa Village is relevant to understanding the challenges and opportunities faced by these business actors.

This research considers the important role of brown sugar MSMEs in supporting the economic sustainability of Lembantongoa Village. Increasing MSME income can have a positive impact not only on the income level of individual business actors but also on the welfare of society as a whole. Therefore, an analysis of the income of brown sugar MSMEs in Lembantongoa Village will provide insight into current economic conditions and a basis for developing policies that support the growth and sustainability of MSMEs at the local level. Through this research, it is hoped that solutions or recommendations can be found to help local governments, economic

development institutions, and MSMEs increase the income, productivity, and sustainability of brown sugar MSMEs in Lembantongoa Village.

RESEARCH METHOD

This quantitative descriptive research determines locations or samples using purposive sampling techniques. This research was conducted in Lembantongoa Village, Palolo District, Sigi Regency. Respondent sampling was carried out using the census method, which is a research method that involves conducting complete investigations and interviews (Sugiyono, 2017). The respondents involved were ten brown sugar processing business actors. The data analysis used in the research is cost, revenue, and income analysis, as carried out in previous research (Habibu et al., 2022).

RESULTS AND DISCUSSION

The brown sugar business is classified as a hereditary business carried out in Lembantongoa Village. The research results show that the brown sugar business is the main business for brown sugar entrepreneurs because it can provide direct income that brown sugar artisans can enjoy. The raw material for producing brown sugar is sap from tapping taken from sugar palm trees. Then, the palm sugar owner performs the tapping twice daily, namely in the morning and evening. The palm tree that provides the main ingredient needed for making palm sugar is palm sap, which has produced flower bunches and has gone through the process of beating the base of the bunch until the bunches are ready to be cut to allow the sap juice to come out which is the main ingredient of palm sugar.

Then, the need for raw materials in producing palm sugar is not only sapped but there are complementary raw materials used by palm sugar entrepreneurs in Sidoan Village, such as Kemiri, which, of course, must be present in processing sap into palm sugar. The function of this ingredient is to speed up the thickening process, which then hardens and becomes hard palm sugar. Candlenuts are needed when cooking sap. If these ingredients are absent, the sap will not thicken and form palm sugar.

Calculating the cost of production is an important thing to pay attention to because competition between MSMEs is increasingly tight in producing quality products at fairly competitive prices. (Purwanto & Watini, 2020). The production cost components consist of raw materials, direct labor, and factory overhead costs. Information on using ten cans of sap water in one production at a price per jerry can of Rp. 50,000, other raw materials are candlenuts, which are used as much as 1 kg for Rp. 35,000. So, the raw material costs can be calculated as follows:

Table 1. Raw Material Costs

Raw Material Costs	Amount
Nira Water	Rp. 500,000
Candlenut	Rp. 35,000
Total Raw Material Costs	Rp. 535,000

Source: Secondary data, 2023

The labor used in making brown sugar is one person with a wage of Rp. 250,000 per production. Factory overhead costs used are plastic wrapping and firewood. The details are as follows:

Table 2. Factory Overhead Costs

Factory Overhead Costs	Amount
Firewood	Rp. 100,000
Cost of depreciation	Rp. 25,000
Total Factory Overhead	Rp. 125,000

Source: Secondary data, 2023

Based on the information obtained, the cost of production for one production of brown sugar can be calculated as follows:

Table 3. Factory Overhead Costs

HPP	Amount
Raw Material Costs	Rp. 535,000
Direct labor costs	Rp. 250,000
Factory Overhead Costs	Rp. 125,000
Cost of goods sold	Rp. 910,000
Production Amount	75 Kgs
Cost of Production / Kg	Rp. 12,133

Source: Secondary data, 2023

Based on the calculation results, the cost of production is Rp. 910,000. Each production can produce 75 kg of brown sugar, so the cost of production is Rp. 12,133/Kg. so that the selling price determined follows the market price of Rp. 12,133/Kg. Assuming sales per unit is Rp. 15,000, then the business income per production is Rp. 15,000 x 75, which is Rp. 1,125,000.

These findings indicate that the industrial world understands that calculating the cost of production is a crucial factor that influences the sustainability and profitability of a business. This also applies to brown sugar production, where entrepreneurs must carefully consider production costs to set a competitive selling price. Based on the research results, it was found that the basic price of brown sugar production was Rp. 910,000. In this research context, the production cost obtained was IDR—910,000, including various cost elements such as raw materials, labor, electricity, and other production factors. An in-depth analysis of these cost components is important to ensure that all aspects of production are managed efficiently. By knowing the cost of production, entrepreneurs can identify potential savings and increase production efficiency to increase profit margins.

Interestingly –The research results show that each production can produce 75 kg of brown sugar. Thus, it can be calculated that the cost of production per kilogram of brown sugar is IDR. 12,133. This is key information in determining a selling price strategy. Even though the cost of production per kilogram has been included, entrepreneurs need to consider other factors such as distribution costs, marketing, and desired profits. In facing the market, brown sugar entrepreneurs must follow market price trends.

The research results show that the determined selling price is Rp. 15,000 per kilogram, which is in line with market prices. Setting prices that suit the market is a smart step to maintain product competitiveness. However, entrepreneurs must also consider product uniqueness, quality, and branding factors to provide added value and differentiate their products. It is important to remember that although this number reflects rough income, entrepreneurs must consider all costs and obtain sufficient net profits to maintain business continuity. Therefore, cost management strategies and selling prices must be balanced to achieve optimal profits.

Based on previous research, the business world is increasingly developing, and more and more competitors cannot be avoided (Wibawa et al., 2021). The existence of competition makes

companies face various opportunities and threats both from within the country and abroad. Competitors in business require entrepreneurs to understand what is happening in the market and what consumers currently need. Entrepreneurs also need to know so they can compete with other companies. Business pressure from strong competitors indirectly affects the marketing performance experienced by Micro, Small, and Medium Enterprises (MSMEs).

Therefore, Micro, Small, and Medium Enterprises, including brown sugar businesses in Sigi Regency, are the largest segment for economic actors. Small industry plays a very important role as a tool to help society as a solution to survive the economic crisis. MSME players can help the government reduce the number of unemployed people. So, in Indonesia, small businesses are often associated with government efforts to reduce unemployment, fight poverty, and equalize income.

CONCLUSION

Research shows that the basic price of brown sugar production is Rp. 910,000 per production (75 kg). With a selling price of Rp. 15,000 per kilogram, income reaches Rp. 1,125,000. The main conclusion from this analysis is the importance of managing production costs in order to set competitive selling prices in the market. Entrepreneurs must continue to monitor and optimize production costs to increase efficiency and profits. Apart from that, setting selling prices that are in line with market prices is a critical step to maintaining product competitiveness. However, other factors, such as product quality and marketing strategy, are important in attracting consumers.

Success in the brown sugar industry depends not only on calculating the cost of production but also on a holistic strategy involving cost management, wise pricing, and a focus on added value to the product. With this approach, entrepreneurs can achieve business sustainability and strengthen their position in the market. The results of this research highlight the importance of calculating the cost of production in the brown sugar industry. Entrepreneurs must understand cost components thoroughly and implement wise selling price strategies to remain competitive. Entrepreneurs can achieve long-term success in the brown sugar industry by considering market prices, product quality, and marketing strategies.

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