



ANALYSIS OF THE BANANA TRADING CHAIN AND MARGIN IN JAYAPURA SUB-DISTRICT, EAST OKU DISTRICT

by

Heri Santoso¹, Yetty Oktarina², Fifian Permata Sari³

¹Student of Agricultural Economy Study Program, University of Baturaja

^{2,3}Lecturer of Agricultural Economy Study Program, University of Baturaja

Email: fifianpermatasari@gmail.com

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ABSTRACT

This study aims to analyze the banana trading chain and margin in Jayapura District, East OKU Regency, South Sumatra Province. The research was carried out deliberately considering that Jayapura District, East OKU District is the center of bananas in East OKU District. The research was carried out in March 2022. The research method used was a survey method and the sampling method used was a simple random method. The analytical tool used in processing research data is a mathematical method with a margin formula to calculate marketing margin and marketing channel efficiency. Discussion of research results is carried out by descriptive analysis. The results showed that there were 3 banana trading channels in the research location, the processed data showed that the margin for trading at agents was 800 rupiahs and at 2000 rupiahs at retailers. The results also show that the most efficient trade system channel is channel 3 with an efficiency value of 1 percent.

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Corresponding Author:

Fifian Permata Sari

Agricultural Economy Study Program, Post Graduate Program

University of Baturaja

Ki Ratu Penghulu 02301 Baturaja OKU Regency, South Sumatra Province

Email: fifianpermatasari@gmail.com

1. INTRODUCTION

South Sumatra is the fourth province among other provinces as the largest banana producer in Indonesia, with a production of 114,140 tons/ha during 2020. East OKU Regency is the center for the largest banana producer when compared to other districts. Some of the banana varieties grown are Ambon bananas, Lilin bananas, Kepok bananas, Mas bananas and Gadis bananas or often called Muli bananas.

East OKU Regency is a banana center district in South Sumatra Province, with a land area of 157 ha and a production of 49,115 tons/ha. The existence of Gadis banana is a banana which is mostly grown in East OKU Regency with a production of 29,115 tons/ha in 2020 (OKUT Agriculture Department, 2020). East OKU Regency is one of the banana development districts because the majority of East OKU's horticultural products come from banana commodities. Several other types of bananas planted include Lilin bananas, Ambon bananas, Mas bananas and Gadis bananas. To improve the bargaining position of farmers against bananas, it is necessary to develop an institutional system at the banana farmer level. East OKU Subdistricts which are banana centers include Buay Pemuka Peliung, Bangsa Raja, Jayapura, Belitang Jaya, Belitang II, and Belitang III Subdistricts (OKUT Food Crops and Horticulture Department, 2020).

Bananas in East OKU Regency have a fairly high economic value and good market opportunities because the demand for bananas continues to exist. This makes farmers excited to continue planting and developing banana farming. The banana market opportunity in East OKU is very good, starting from street vendors to penetrate traditional markets and modern markets in the cities of Martapura, Baturaja to Muaradua, Muara Enim, Lahat and Lampung. The price of bananas is also quite good, starting from Rp. 2000/kg at the farmer level, to Rp. 3000/kg at the retailer level. Jayapura sub-district is the largest sub-district that grows bananas. The area of banana land in Jayapura District is 18.16 ha with a production of 29.115 tons/ha where the village that is the center of bananas is Jayapura District. The seriousness of the East OKU Government for banana development is shown by the assistance

of banana seeds given to farmers as many as 2000 stems in 2020. The guidance carried out includes counseling on banana farming, seeding techniques, fertilization, care and harvesting to post-harvest including packaging and packing of bananas ready to be marketed. The high income in banana farming depends on the price of bananas and the trading institutions involved in it, thus forming a banana trading chain in OKUT Regency.

The trade chain that bananas go through in East OKU Regency is quite long because there are quite a number of trading institutions involved, ranging from farmers, village agents, sub-district agents, and retailers to consumers. The involvement of many institutions in the banana trade system in East OKU has resulted in various variations in the price of bananas at the consumer level. Margins that occur between various banana trading channels sometimes make banana farmers feel disadvantaged because of the low price of bananas at the farm level. Farmers hope that the quality of bananas will be better so as to increase the selling price. This is of course the hope of banana farmers to be able to increase their income. Based on these facts, it is interesting to study further regarding "Analysis of the trade chain, banana trading margin and banana trading efficiency in Jayapura District, East OKU Regency."

2. RESEARCH METHOD

The research method used was a survey method and the sampling method used was a simple random method. The research sample taken was 46 people from 156 populations, consisting of 32 banana farmers, 3 middlemen, 3 sub-district agents and 8 retailers.

The analytical tool used in processing research data is a mathematical method with a margin formula to calculate marketing margin and marketing channel efficiency. The research was carried out in March 2022 at Jayapura Sub district, East OKU District of South Sumatera Province. Discussion of research results is carried out by descriptive analysis. To answer the first objective of analyzing the existing trade chain in Jayapura District, OKUT Regency, it was recorded how many commercial institutions were involved in marketing bananas at the research location. From the involvement of the trading system, it can be analyzed how many chains of trade occurred and then the marketing costs are calculated, with the following equation:

Marketing Fee

Marketing costs (trading) are costs incurred for marketing purposes. The amount of marketing costs can be formulated as follows:

$$Bp = Bp1 + Bp2 + \dots + Bpn$$

Where:

Bp = Marketing costs

Bp1..n = Marketing costs per agency

To answer the second objectives of the second studies, it is analyzed using the following trade system margin equation:

Trading Margin

The trading (marketing) margin is the difference between what consumers pay and what producers receive for their agricultural products. According to Soekartawi (2001), this trading margin can be calculated using the equation:

$$Mp = Pri - Pfi \text{ or } Mji = Bi + Ki$$

Where:

Mp = Banana marketing margin

Pr = Price at the consumer level

Pf = Price at farm level

To answer the third objective of research on the efficiency of the banana trade or marketing system, it can be analyzed using the following equation:

Marketing Efficiency

Marketing efficiency according to Soekartawi (2001) can be calculated using the following equation:

$$EP = BP/HE \times 100\%$$

Where :

EP = Marketing Efficiency (%)

BP = Marketing Cost (Rp)

HE = Retail Price (Rp)

The rules for making decisions about marketing efficiency are

- EP of 0-50% then the marketing channel is efficient

- EP > 50% then the marketing channel is less efficient

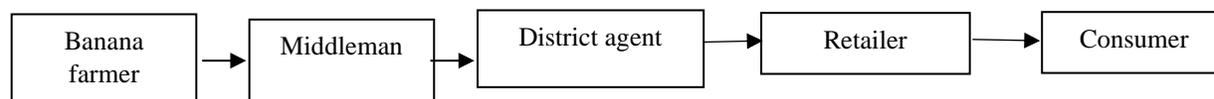
3. RESULTS AND ANALYSIS

The result of the studies showed that:

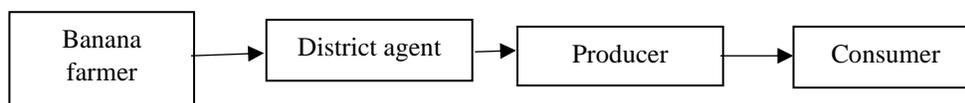
a. Banana Farming Trading Chain

The marketing chain or marketing channels are the people, organizations, and activities needed to transfer ownership of goods from the point of production to the point of consumption. It is the way for the product to reach the end user, the consumer; and also known as distribution channel. Marketing channels are also a useful tool for management, and are essential for creating an effective and well-planned marketing strategy. Based on the results of the study found three banana marketing chains in Jayapura District, East OKU Regency, namely:

Channel 1 :



Channel 2 :



Channel 3 :

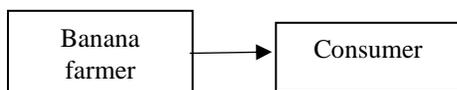


Figure 3. Banana Trading Chain in Jayapura District

b. Trading margin

Trading margin is the difference in prices at the producer level and the consumer level (Agustian and Setiadji, 2008). Meanwhile, according to Elly Jumiaty, (2013) the marketing margin in this study is the price at the farmer level and the price at the marketing agency level. Based on the results of research in Jayapura District, there are three marketing chains of bananas. Chain I involves middlemen, sub-district agents and retailers. The buying and selling prices as well as the marketing margins of each marketing agency in the marketing chain can be seen in table 1 below:

Table 1. Marketing margin of bananas in channel 1 in Jayapura District, East OKU Regency.

No	Marketing agency	Purchase price (Rp)	Selling price (Rp)	Margin (%)
1	Farmer	-	700	
2	Middleman	700	1.200	700
3	Distict agent	1.200	2.000	800
4	Retailer	2.000	4.000	2.000
5	Consumer	4.000	-	
Farmer share				17%

Table 1 shows that in the banana trading chain, the marketing margin of retailers is greater than the marketing margin of village agents and sub-district agents. This is because retailers are extensions of the three existing marketing channel chains, so the price of bananas per kilo increases in every marketing agency. This is in accordance with the theory that the longer the marketing channel, the longer the margin so that the price at the consumer level will be more expensive. This difference, according to Nurwidiastuti (2013), is due to the various types of capital owned by traders, the distance between traders and farmers' locations so that it affects the amount of transportation costs.

In the second trading chain, only two marketing institutions are involved, namely sub-district agents and retailers in Jayapura District. Sub-district agents and retailers in marketing chain 2 are sub-district agents and retailers in marketing chain 1. The sales margin of banana in chain 2 can be seen in Table 2 below:

Table 2. Margin of banana trading in Chain 2 in Jayapura District, East OKU Regency.

No	Marketing agency	Purchase price (Rp)	Selling price (Rp)	Margin (%)
1	Farmer	-	600	
2	District agent	700	1.500	800
3	Retailer	1.500	3.500	2.000
4	Consumer	3.500	-	
Farmer share				15%

Based on Table 2, in marketing chain 2, the sub-district agent marketing margin is Rp. 2,000,-. The marketing margin in chain 2 is different because in this second chain it does not go through middlemen so it affects the reduced marketing costs, especially for the purchase price and transportation costs. Bananas are directly sold to consumers by way of consumers visiting the location of banana planting. The biggest profit obtained by farmers is Rp. 1,200/kg, farmers' profits can be used to cover the cost of farming. According to Elly J (2013), there are differences in the amount of marketing margins in various marketing channels because it depends on the length or shortness of the marketing channels and the activities that have been carried out and the expected benefits of each marketing agency.

Table 3. Margin of banana trading in Jayapura District, East OKU Regency

Marketing channel	Average of marketing cost (Rp)	Market product value (Rp)	Eficiency (%)
I	360.000	4.000	3%
II	250.000	3.500	2,6%
III	-	1.200	1%

Source: Primary data (2022)

Based on the results of the analysis, the average value of farmer's share in marketing channel 1 is 17%. This condition means that farmers receive a sales share of 17% of the price paid by final consumers, consumers directly get bananas. The average value of farmer's share in marketing channel II bananas is 25%, and 1% for marketing chain III in Jayapura District is declared efficient because it has a high percentage value of farmer's share and EP value of 0-50%, so the marketing channel is efficient. Farmer's share means that this figure shows the price at the farmer level is much lower than the price at the retailer level. The low selling price of bananas at the farmer level is due to the fact that farmers sell in bulk and are no longer sorted, while at the retailer level of bananas, good sorting and attractive packaging are carried out so that they can attract consumers. According to Gemilang (2016), that the low selling price of farmers is because they sell in bulk and do not provide much added value, do not sort in detail and do not package the products they will sell attractively. The value of the farmer's share is negatively related to the value of the marketing margin, the greater the value of the farmer's share, the smaller the value of the marketing margin. The greater the value of the farmer's share, the more efficient the supply chain is, but the high farmer's share is not absolute. This shows that marketing is running efficiently (Khairi, 2017).

4. CONCLUSION

Based on the results of the research that has been done, some conclusions can be drawn as follows:

1. There are three banana trading chains in Jayapura District, East OKU Regency
2. Margin of trade in terms of cost of trading system and farmer share. Trading costs are more efficient in chain III than chain I and II
3. An efficient chain of trade is chain of trade III.

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