



Analysis of Income and Level of Satisfaction of Farmer Groups with UPPB OKU Regency

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A B S T R A C T

OKU Regency is a significant smallholder rubber-producing region, covering an area of 72,010 hectares as of 2023. The presence of UPPB (joint processing and marketing units) in OKU Regency has greatly facilitated local rubber farmers' marketing of Bokar. UPPB plays a crucial role in enhancing the income of rubber farmers in the region. This study investigates farmer groups' income levels and satisfaction associated with UPPB in OKU Regency. The research employs a survey method with a simple random sampling technique. It involves 77 rubber farmers from a total of 350 UPPB members in OKU. Conducted in November 2023, the study focuses on Peninjauan District, the central hub of UPPB activities and the rubber auction market in OKU. Data analysis is performed using a quantitative descriptive method, applying an income equation to evaluate the income of rubber farmers participating in the UPPB.

1. INTRODUCTION

1.1. Research Background

Rubber plantations play a crucial role in the economy and the welfare of communities. Many individuals rely on rubber as a primary or supplementary source of income, benefiting both plantation farming communities and contributing to environmental conservation. The aggregation of community rubber plantations results in substantial output. Rubber commodities significantly contribute to foreign exchange earnings for non-oil and gas exporting countries and supply raw materials that foster economic growth in rubber-producing regions.

The dry rubber production on smallholder plantations has fluctuated from 2019 to 2021. In 2019, dry rubber production was approximately 2,926.61 thousand tons, which declined by 4.87 percent to 2,784.01 thousand tons in 2020. However, in 2021, production increased by 1.52 percent to 2,826.25 thousand tons compared to 2020. North Sumatra Province was a major contributor, producing 35.04 thousand tons, accounting for 26.63 percent of PBN's total production. South Sumatra Province also played a significant role in national and PBS production, contributing 29.6 thousand tons or 33.82 percent of the national

PBS total. Additionally, South Sumatra was the largest producer of PR dry rubber in 2021, with an output of 844.7 thousand tons, representing approximately 29.89 percent of the total national PR dry rubber production.

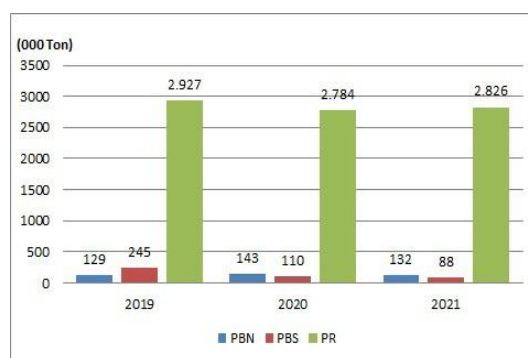


Figure 1. Indonesia Dry Rubber 2019-2021

The South Sumatra Province Plantation Service made a policy, especially regarding rubber commodities, namely forming a community institution, the Bokar Processing and Marketing Unit (UPPB). UPPB was established with the aim of helping rubber farmers in the latex processing process to produce lumps of good quality according to predetermined standards and to help market



their bokar so that it is easier to sell directly to factories because the prices received by farmers when selling their bokar are very different. from the price given by the factory so that it can help break the chain of middlemen. Currently, 177 UPPBs under the guidance of the Plantation Service have been formed, spread across every district [6].

OKU Regency is a smallholder rubber-producing Regency with a fairly large area, namely 72,010 Ha in 2023. Bokar marketing carried out by local rubber farmers is greatly helped by the presence of UPPB in OKU Regency. Rubber marketing at OKU is divided into two categories: traditional marketing and organised marketing categories or UPPB [7]. With the existence of UPPB, organized bokar marketing will increase the share of prices received by farmers on FOB (Free On Board/ terms of purchase or sale of merchandise.) So direct intervention in price increases is very difficult [8]. However, increasing prices at the farmer level can be increased through joint price determination or through joint processing and marketing units (UPPB).

In OKU Regency, the role of UPPB, in this case, is UPPB Sumber Rezeki which is felt to be very large because it is related to the development of rubber farmers, including counselling activities and technical guidance for farmers to improve the quality of people's rubber [9]. The existence of UPPB is able to change the mindset of farmer groups for the better, providing guarantees of fair prices for rubber farmers by using rubber freezers recommended by the government. Solutions to many of the problems faced by rubber farmers can be found through the existence of UPPB [10]. In general, the existence of UPPB is of course, to help increase the income of rubber farmers in OKU Regency. This research further examines the income analysis and level of satisfaction of farmer groups with UPPB in OKU Regency Jambi Province, which has grown significantly recently as one of Indonesia's leading palm oil producers. This is evidenced by the increasing acreage of oil palm plantations each year. Favorable climate conditions and the availability of suitable land have contributed to making Jambi Province a prime area for oil palm plantation development.

1.2. Literature Review

1.2.1. Bokar Processing and Marketing Unit (UPPB)

A Bokar Processing and Marketing Unit (UPPB) is a business entity formed by two or more groups of rubber growers to provide technical guidance, processing, and marketing services for bokar (processed rubber). The UPPB is legally recognized through the STR-UPPB, a registration certificate issued by the district government, which also mandates the government to provide support and guidance to UPPB members [11]. Key aspects of the UPPB institution include:

1. **Technical Guidance:** Offering expertise and support to improve cultivation practices and rubber processing techniques.
2. **Processing Facilities:** Providing access to equipment and infrastructure for efficient bokar processing.
3. **Marketing Services:** Facilitating processed rubber sales and distribution to maximize growers' profitability.
4. **Legality and Recognition:** Ensuring compliance with regulations and obtaining official certification from the district government.

5. **Government Support:** Receiving guidance and assistance from government agencies to enhance operational efficiency and member benefits.

There are several things inherent in the UPPB institution, including:

1. Every UPPB can issue a written document as a SKA (Certificate of Origin) as an administrative supplement in the bokar trading process. The SKA contains the processor's name, address, type of material, weight, and quality level.
2. Formed by one or more groups of planters.
3. Garden area \geq 100 hectares, latex production of at least 800 kg of dry rubber every 3 days or once a week according to member agreement
4. Has a service function for technical activities and business development.
5. Management consists of the chairman, secretary, and treasurer (who are not allowed to be concurrent administrators of the planters' group).
6. Have AD/ART, which is determined through member deliberation
7. Equipped with facilities for processing equipment (freezing tank, hand gel, drying barracks, bulking agent and preservative).
8. Technical personnel (planter members) are skilled at providing services and assistance to planters in bokar processing and marketing activities.
9. Have applicable and mutually agreed rules regarding the management of UPPB.
10. Have a STR (registration certificate) issued by the relevant government.
11. Prepare periodic reports every six months containing information on the types of production quantities, quality, prices, and buyers of bokar.
12. Establish cooperative relationships with bokar processing factories through partnerships.
13. Carry out tasks and organise cooperation patterns in bokar marketing.
14. Receive intensive guidance from the district/city government or certain agencies.
15. Obtain supervision regarding the trade and distribution of bokar from special officers.

Since the publication of Permentan No. 38 in 2008, the government has socialized the National Clean Bokar Movement and formed several UPPBs in smallholder rubber plantation areas, such as in South Sumatra, Jambi, Riau, and South Kalimantan. The formation of UPPBs is currently still spread in these areas, which have quite a large natural rubber potential. Local government intervention supports the formation of an institutional UPPB for rubber farmers [12].

To improve rubber quality and revitalize plantations, thereby enhancing the competitiveness of natural rubber and supporting the National Clean Bokar Movement, each UPPB is provided with quality assurance guidelines [13]. These guidelines, developed by the Directorate General of Agricultural Product Processing and Marketing (P2HP), aim to help UPPBs better understand their operational tasks and functions institutionally. Despite these efforts, UPPB members still require intensive guidance and supervision to realize these objectives [14] fully.

The government's ongoing guidance is intended for UPPB members who are active and consistent in maintaining rubber quality. Apart from attending training on rubber cultivation and technical guidance to support downstream, UPPB is also registered to receive distribution of production facilities [15]. The existence of UPPB has had a positive influence by inviting farmers to change their behavior or habits of processing bokar and gain added value through joint marketing. Therefore, it is hoped that an independent UPPB can act as an independent UPPB control agent in the rubber farming community, playing a role in improving the quality of national rubber and encouraging the National Clean Bokar Movement program in a sustainable manner [16].

1.2.2. *Level of Farmer Satisfaction with UPPB*

The level of farmers' satisfaction with the existence of UPPB is related to the role of UPPB in developing rubber farmers related to cultivation, training and marketing of processed rubber materials at prices that benefit farmers. The low price of rubber at the farmer level causes low income, which impacts economic activity in rural areas, and weakens the community's purchasing power, especially farmers. [17] stated that the low bargaining position of rubber farmers was due to the low price of rubber received by farmers. The weak institutionalisation of rubber farmers also influences this condition. An organized marketing system through UPPB is one of the right choices for rubber farmer groups because it increases the bargaining position of farmers and the share of prices received by farmers [18, 19].

3. RESULT AND DISCUSSION

3.1. *The income of rubber farmer*

The research results show that the average rubber production weighs 309.21 kg/month at a price of Rp. 12,901/kg. The amount of rubber produced is in the form of latex chips. Most rubber farmers in the research area use a spiral tapping system with one tapping groove. The rubber tapped is currently of planting age 10 – 25 years. This age is considered less productive. The tapping method can affect the amount of latex produced. This is related to the number of latex vessels that are cut.

Rain can significantly impact rubber production. Excessive rainfall can make rubber plants more vulnerable and potentially reduce production. Conversely, adequate rainfall can enhance production. Raindrops can cause latex sap to disperse, preventing it from collecting properly and causing it to dilute and not clump effectively due to the excess water in the collection bowls. Rubber farmers produce their tapping in the form of chips, and the payment system that farmers receive from their sales is a direct cash payment system. Table 1 shows the price of rubber, production, revenue, cost of production, and farmer income.

Table 1. Price of rubber, production, revenue, cost of production and farmer income

| No | Item | Rp/month |
|----|--------------------|-----------|
| 1 | Price of rubber | 12.901 |
| 2 | Production | 309.21 |
| 3 | Revenue | 3.989.100 |
| 4 | Cost of production | 615.782 |
| 5 | Farmer income | 3.373.300 |

2. MATERIALS AND METHODS

This research uses a survey method, and the sampling method used is a simple random method. A sample of 77 rubber farmers was taken from 350 rubber farmers who had joined as members of the UPPB at OKU.

The research was carried out in November 2023. The research location was determined deliberately in Peninjauan District, OKU Regency, considering that this place is the center of the UPPB and the rubber auction market in OKU. The research used qualitative descriptive analysis using Likert tables to calculate the level of farmer satisfaction with UPPB as a source of sustenance.

The data analysis method used in this research is a quantitative descriptive method using an income equation to calculate the income of rubber farmers participating in the UPPB. To analyze the level of farmer satisfaction with UPPB, the IPA (Importance Performance Analysis) method. This method is an application technique for measuring attributes of satisfaction levels. The level of satisfaction is used to assess how much satisfaction the farmer group feels. Determining the attributes assessed in this research is based on provisions regarding rights and obligations contained in marketing patterns, preliminary interviews with farmer groups, and literature studies; each attribute statement is given a scale of 1 to 4.

Table 1 shows that the average rubber product is Rp. 309.21/month, and the price of rubber is Rp.12.901/kg, so the average revenue of rubber farmers is Rp.3.989.100/month. The cost of rubber production is Rp.615,782/month, so the average income of rubber farmers is Rp.3,373,300/month.

3.2. *The level of farmers satisfaction of UPPB*

Satisfaction is the level of a person's feelings after comparing the performance or results he feels compared to his expectations. Rubber farmer satisfaction is an important factor that must be considered in business development. The level of farmer satisfaction with UPPB membership will positively impact the business's continuity. Farmers who feel satisfied tend to be enthusiastic and active in their membership.

Farmer satisfaction or dissatisfaction is related to the difference between expectations and performance received or felt by farmers [19]. The level of farmer satisfaction is assessed by looking at members' activeness in marketing rubber products at UPPB Sumber Rezeki, Mendala Village, Peninjauan District, OKU Regency. Farmer satisfaction is determined by five main factors and must be considered by UPPB Sumer Rezeki, namely:

3.2.1. *Product quality,*

Farmers will feel satisfied if their evaluation shows that their products are of good quality.

3.2.2. *Customer quality,*

Farmers will feel satisfied if they get good service or what is expected.

3.2.3. *Emotional*

Farmers will feel proud and gain confidence that other people will admire them if they use certain products with higher satisfaction levels.

3.2.4. *Price*

Farmers will feel happy when the price is in accordance with the quality and quality of the rubber tapping.

3.2.5. *Cost*

Farmers who do not need to incur additional costs or who do not need to waste time getting a product tend to be satisfied with the product. Creating farmer satisfaction can provide several benefits, including the relationship between farmers and UPPB becoming harmonious, providing a good basis for repeat purchases, creating farmer loyalty, and forming a profitable word-of-mouth recommendation for UPPB [16].

The relationship between service quality and farmer satisfaction is very close. Quality incentivises farmers to establish a strong bond with UPPB [19]. In the long term, this bond will enable UPPB to understand farmers' expectations and needs thoroughly.

In this quantitative analysis, the arithmetic mean (average) is used with the aim of finding out the level of satisfaction of farmers with income and expenditure on rubber production in one month, the level of satisfaction of farmers in joining UPPB Sumber Rezeki, the level of interest and usefulness of joining UPPB Sumber Rezeki. An interval class is created From the arithmetic mean with the following frequency distribution statistical formula: Range = largest data – smallest data = 5 – 1 = 4.

Then the class interval range: number of classes = 4:5. From the results of these interval classes, the following criteria for farmer satisfaction levels can be determined:

- 1.00–1.80=very dissatisfied
- >1.90–2.60=less satisfied
- >2.61–3.40=quite satisfied
- >3.41–4.20=satisfied
- >4.21–5.00 = very satisfied

The results of the research analysis regarding the level of satisfaction of rubber farmers with UPPB have 4 criteria, including satisfaction with income, satisfaction with joining as a member, satisfaction with the level of interest and satisfaction with expenses or production costs of farming. The results in Table 2 of each analysis show that:

1. The level of farmer satisfaction with income when joining UPPB is included in the satisfaction classification, with an average score of 4.06. This shows that while they were members of the UPPB, rubber farmers felt their income was greater than before.
2. The level of satisfaction while being a member of the UPPB based on the results of the Linkert table analysis obtained an average value of 3.50 which is classified as satisfied.

3. The level of satisfaction with the analysis of farmers' satisfaction with the level of importance when joining UPPB has an average value of 4.06 and is classified as satisfied.
4. The level of satisfaction for classification with the criteria of farmer satisfaction regarding the amount of expenditure or production costs of farming while being a member of the UPPB obtained an average figure of 4.06 with satisfaction criteria.

Table 2. The results of the analysis of farmers' level of satisfaction with UPPB OKU

| No | Criteria | Score | Level of farmers' satisfaction |
|----|---|-------|--------------------------------|
| 1. | Satisfaction with income when joining UPPB | 4.06 | Satisfied |
| 2. | Satisfaction while being a member of the UPPB | 3.50 | Satisfied |
| 3. | Satisfaction with the level of importance when joining UPPB | 4.06 | Satisfied |
| 4. | Satisfaction regarding the amount of expenditure or production costs of farming | 4.06 | Satisfied |

4. CONCLUSION

Based on the research findings, we can conclude the following:

1. The average monthly income of rubber farmers is Rp. 3,373,300.
2. The analysis of farmer satisfaction with the UPPB indicates that all satisfaction levels fall within the range of 3.5 to 4.06, demonstrating a generally high level of satisfaction among the farmers.

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