

Business Development Evaluation of Rice Trading and Milling UD Wahyu Jaya in Sidareja District, Cilacap Regency

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Abstract

Rice trading and milling are essential parts of the agribusiness system that support food security in various countries, particularly in agrarian regions like Indonesia. The rice milling process is a critical stage in the supply chain, where harvested paddy is processed into ready-to-consume rice. This study aims to analyze the business processes, supply chain, and challenges faced in the rice milling and distribution industry. The report aims to evaluate and develop the business operations of rice milling and rice trading in terms of sales and income to enhance the company's business programs for better growth in the highly competitive market of today. Market competition is fierce nowadays, and marketing aspects need to be improved to compete in the market. Expanding outreach with other companies is also prioritized in this business development to establish partnerships. An effective distribution system is key to ensuring the availability and affordability of rice for consumers. Proposed recommendations include the modernization of milling equipment, strengthening partnerships between farmers and entrepreneurs, and developing government policies that support market stability. These efforts are expected to enable the rice milling and trading sector to contribute more significantly to national food security.

Keywords: *Rice milling business, rice trading, business development strategy, marketing aspects*

INTRODUCTION

The agricultural sector plays a vital role in Indonesia's economy, particularly as a provider of food for the majority of its population. Food commodities are a fundamental need for any nation, including Indonesia, making food a basic human right. Food security is the main pillar and last defense of a nation's stability. Rice remains an irreplaceable

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staple food for Indonesians, making the development of the rice agribusiness strategically significant from economic, social, and political perspectives.

The increasing population in Indonesia presents a significant challenge for the agricultural sector, especially for food crops, as it directly affects food availability. The rise in population correlates with the increased demand for food, particularly rice (Rainy, Nurmawati, & Rifin, 2019).

Indonesia has seen growth in rice production. In 2022, rice production for food consumption reached 31.54 million tons, a 0.59% increase from 2021's 31.36 million tons (BPS, 2023). Cilacap Regency is one of the major rice-producing regions in Central Java Province. In 2022, Cilacap produced 761,356 tons of paddy (GKG) with a surplus of 349,438 tons of rice (Cilacap Agriculture Office, 2023).

To meet the food needs of its population and achieve food security, continuous efforts to increase rice production are essential. Companies must produce goods promptly and in sufficient quantities to maintain production flow, preventing financial and time losses. Rice milling is predominantly found in rice cultivation centers, mainly in rural areas where agriculture remains the primary livelihood.

Rice milling and trading are crucial for driving the local economy and supporting the livelihoods of rural communities. UD Wahyu Jaya, located in Sidareja District, Cilacap Regency, Central Java Province, is a small business that operates a rice milling unit with a grinding capacity of 0.80 tons per hour. As farmers' yields and rice demand increase, the need to expand rice milling operations becomes evident.

Strategic Importance of Expanding Rice Milling Production and Capacity

Expanding production and capacity in rice milling is crucial for ensuring business sustainability and growth. Key reasons for this expansion include:

1. **Meeting Market Demand:** As rice demand continues to rise due to population growth, urbanization, and changing consumption patterns, increasing production capacity is necessary.
2. **Enhancing Production Efficiency and Scalability:** Currently, UD Wahyu Jaya's production is limited and inefficient. Improving these aspects is vital for better production outcomes.
3. **Boosting Market Competitiveness:** To thrive amid intense market competition, UD Wahyu Jaya must enhance its competitiveness and customer loyalty.



4. **Seizing Business Opportunities and Innovations:** Despite challenges, UD Wahyu Jaya has the potential to grow and become a key player in the Banyumas rice milling industry with the right approach.

Research Questions

Based on the background, the research questions are:

1. What is the current production capacity per semester?
2. What is the estimated market demand being served?
3. Is there a need and opportunity for production expansion?
4. What strategies should be implemented for development?

Objectives

The research aims to:

1. Determine the company's current production capacity.
2. Estimate the current market demand being served.
3. Assess the potential for rice production expansion.
4. Identify strategies for development.

Benefits

Theoretical Benefits: This research is expected to contribute to the development of knowledge about the modern rice milling and trading business and serve as a reference for future studies.

Practical Benefits: The findings can provide insights for business owners in the rice milling and trading industry to develop and evaluate their operations.

DISCUSSION

UD Wahyu Jaya is a rice milling enterprise located in Sidareja District, Cilacap Regency, Central Java. Established in 1990 by Mr. Agus Siswoyo, the business has grown from a small-scale rice mill into a key provider of high-quality rice for the local community. With a vision to become the largest and most reputable rice milling company in the Banyumas residency, UD Wahyu Jaya continually strives to enhance production capacity and expand market reach.

Currently, UD Wahyu Jaya's production capacity varies between 1 to 3 tons per hour, with a weekly production potential ranging from 48 to 144 tons. Equipped with modern machinery such as Huskers/Hullers for separating husk from paddy grains,

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separators for unhulled grains, polishers for removing rice bran, and packaging machines, UD Wahyu Jaya produces high-quality rice. However, there is still room for increasing production capacity through optimizing working hours and improving machine infrastructure.

In terms of market reach, UD Wahyu Jaya serves various segments, including traditional markets such as local shops and large retailers, as well as modern markets like supermarkets, minimarkets, restaurants, and food industries. The rising demand for rice presents an opportunity for UD Wahyu Jaya to extend its distribution beyond Cilacap Regency to the provincial level. Additionally, the shift in rice consumption trends towards premium and organic products opens up avenues for product diversification.

To enhance competitiveness, UD Wahyu Jaya can implement several strategies, such as modernizing milling technology to improve production efficiency and quality. Additionally, utilizing renewable energy technologies like biomass or solar energy could help reduce operational costs. Better post-harvest management, including more efficient drying and storage systems, will positively impact the quality of the rice produced.

On the human resources front, training milling operators can improve operational efficiency and product quality. Enhanced skills can reduce production time and minimize the risk of machine damage. Furthermore, increasing production capacity through investment in additional machinery or expanding facilities can be a strategic step to meet high market demand.

However, UD Wahyu Jaya faces several challenges in its development process, including intense local competition, fluctuating paddy prices as the primary raw material, and dependency on harvest seasons that can affect rice stock availability. Therefore, a comprehensive strategy is needed to ensure business sustainability, from technological and equipment upgrades to developing marketing distribution networks and implementing higher production quality standards.

By considering market trends, consumer needs, and production efficiency improvements, UD Wahyu Jaya has significant opportunities for further growth. Through the right innovations and strategies, the company can realize its vision of becoming the largest and most reputable rice milling enterprise in the Banyumas region and reach a wider market in the future.

CONCLUSION

Based on the conducted research, it is evident that implementing several strategies for business development makes UD Wahyu Jaya a sustainable and promising

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enterprise with significant potential for growth. UD Wahyu Jaya plays a crucial role in meeting the daily food needs of the local community.

UD Wahyu Jaya's rice production capacity is 250 tons over 25 working days, which amounts to 1,500 tons of rice per semester. However, the estimated market demand served is 1,700 tons of rice, indicating that the current production capacity does not meet market demand and necessitates product expansion. There is potential to increase rice production by enhancing the quantity produced through the addition of more machinery and workforce.

Furthermore, UD Wahyu Jaya can undertake several stages of development to enhance production capacity, including marketing aspects, production aspects, and internal company analysis. By addressing these points, UD Wahyu Jaya can continue to grow and contribute significantly to local food security and the economy.

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