

Analysis Of Profit Of Sago Business On Industries Business In Household Industries In East Kolaka Regency (Case Study On Bagea Sukses Bersama)

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Abstract

This study aims to determine the profitability and feasibility of sago-based product ventures in the Bagea Sukses Bersama household industry located in East Kolaka Regency. The research was conducted in Simbune Village, Tirawuta Subdistrict, East Kolaka Regency, Southeast Sulawesi Province, in May 2024. The object of this study is the Bagea Sukses Bersama household industry, which produces various types of sago-based products, including bagea and other sago biscuit products derived from agricultural sago. The focus of the research is on the business owner and the workers directly involved in the industry. The data analysis methods used include profitability analysis and Revenue and Cost Ratio (R/C ratio) analysis. The results of the study show that 1) The profit earned by the Bagea Sukses Bersama household industry amounts to Rp4,800,200 per month. This profit reflects the amount or nominal value gained by Bagea Sukses Bersama, influencing the profitability and feasibility of the business, and 2) The total revenue generated is Rp8,100,000 per month, while the total production cost is Rp3,299,800 per month, resulting in an R/C ratio of 2.45. This ratio indicates that each unit of cost incurred generates revenue 2.45 times greater than the cost, or that every Rp1 invested in production costs yields Rp2.45 in revenue.

Keywords: Sago; Bagea; Profit; R/C Ratio.

INTRODUCTION

Industry is an economic activity that processes raw materials, raw materials, semi-finished goods, or finished goods into goods with higher value for their use, including industrial design and engineering activities. According to Udayana (2011), industrial development in Indonesia is currently taking place very rapidly along with advances in science and technology. The process of industrialization of Indonesian society is accelerating with the establishment of various companies and workplaces. Industrial development involves various scientific and technological discoveries. In Indonesia, development activities are supported by the growth of various types of industries with various types of activities today, many countries in the world continue to strive to grow their economies. The development of the number of micro and small business industries in Southeast Sulawesi Province can be seen in Table 1.

**Table 1 Development of the Number of Micro and Small Business Industries
Southeast Sulawesi Province in 2022**

Year	Quantity (Unit)	Progress (%)
2021	14 405	5,22
2020	13.698	3,68
2019	13.211	1,65
2018	12.996	0,06
2017	12.987	5,10
2016	12.356	0,08
Average		2,63

Source: Central Bureau of Statistics of Southeast Sulawesi Province (2022)

Table 1 shows that the number of micro and small enterprises (MSEs) in Southeast Sulawesi Province continues to increase every year. Judging from the average development from 2016-2021 of 2.63%. Southeast Sulawesi Province experienced an increase in the number of industries in micro and small businesses in each district / city. Industrial development in Southeast Sulawesi Province will increase the economic growth of Southeast Sulawesi Province which also affects Indonesia's economic growth.

Southeast Sulawesi is one of the home industry development areas where in this area utilizing agricultural products that are used as food ingredients, one of which is sago. Sago plants are one of the important food sources in Southeast Sulawesi. Sago plantation is spread in several districts in the mainland of Southeast Sulawesi including Konawe, South Konawe, Kolaka,



Bombana North Konawe, North Kolaka with an area of about 5084 ha (BPS Southeast Sulawesi, 2009).

One of the creative economies driving the economy of East Kolaka is the home industry that is still active and operating today. According to the initial research survey in East Kolaka Regency, precisely in Simbune Village, Tirawuta Sub-district, there is a home-based business industry that has been established and operating for generations since 1975 until now, namely the *Bagea Sukses Bersama* business, which develops and produces various types of sago-based preparations including *bagea* with many flavors and variants. The growth of the household industry, especially the sago business, can contribute to the income of the Tirawuta District area. The Bagea Sukses Bersama business has several obstacles that need to be overcome, including fluctuations in raw material prices, problems in the supply chain, intense competition from other sago producers in the surrounding area, as well as a lack of public interest in buying processed products made from the main raw material of sago, especially among young people. These obstacles that make the sago business not have a definite profit. Thus, to ensure business success, analyzing business profits is very important.

This research is important because it can provide a comprehensive picture of the potential and challenges faced by the sago household industry, particularly Bagea Sukses Bersama. By analyzing business profits, factors that influence the success and resilience of this business in the midst of increasingly fierce competition and fluctuating market conditions can be identified. In addition, the results of this study can also provide input for local governments and other stakeholders to formulate appropriate policies and strategies to support the development of the sago industry in East Kolaka Regency. Appropriate support and supportive policies can help this cottage industry to develop further, increase the income of the local community, and maintain the sustainability of this business that has been operating for generations.

Appropriate support and supportive policies can help these MSMEs to further develop, improve competitiveness, and maintain the sustainability of businesses that have been operating for generations. This research can also motivate other MSME players to continue to innovate and improve product quality, so as to attract public interest, especially among young people, in processed products made from sago. By conducting this analysis, the Bagea Sukses Bersama business can identify the maximum profit potential by evaluating production, distribution, and marketing costs. Based on the description above, the researcher is interested in conducting research with the title "Sago Profit Analysis in the Household Industry in East Kolaka Regency (Case Study on Bagea Sukses Bersama)".





METHOD

The object of this research is the Bagea Sukses Bersama household industry which produces processed sago agricultural products in several types or variants including *bagea* and various sago biscuit products. The target of this research is aimed at business owners and workers who are directly involved in the industry. data collection techniques were carried out by interviewing and distributing a list of questions or questionnaires. This study analyzes data by calculating the cost of business profits, which is the difference between revenue and all costs. The profit formula can be written as follows:

$$\Pi = TR - TC$$

Description:

Profit (IDR/month)

TR Total revenue (Rp/month)

TC Total cost (Rp/month)

1. Total cost, is all costs incurred during the production process which includes fixed costs and variable costs. The above statement can be written as follows (Khoiroh, 2016):

$$TC = TFC + TVC$$

Description:

TC Total cost (Rp/month)

TFC = Total fixed cost (Rp/month)

TVC = Total variable cost (Rp/month)

2. Fixed Costs, can be seen from the cost of equipment depreciation. Equipment depreciation costs can be calculated using the straight-line method with the following formula:

$$\text{Penyusutan} = \frac{\text{Nilai Awal} - \text{Nilai Sisa}}{\text{Umur Ekonomis}}$$

Description:

Initial value Value of the item when first purchased

Residual value The value of an item when it is no longer in use

3. Variable costs, mathematically the variable cost formula is as follows (Aris, 2012):

$$VC = f(i)$$

Description:

VC Variable cost (Rp/month)

f Function describing the relationship between variable cost and variable i

i Number of units produced



4. Revenue is the product of total production and price per unit. Mathematically, the general form of revenue from sales is:

$$TR = Y \cdot Py$$

Description:

TR = Total revenue (Rp/month)

Y = Total production (Kg/month)

Py = Product selling price (Rp/kg)

The feasibility of sago processing business in the household industry was analyzed using R/C analysis. R/C stands for Revenue Cost Ratio or known as the ratio between *Total Revenue* (TR) and *Total Cost* (TC). Business feasibility is calculated with the following formula:

$$RC = \frac{TR}{TC}$$

Description:

R/C Revenue Cost Ratio

TR Total Revenue (Rp/month)

TC = Total cost (Rp/month)

Criteria:

- R/C > 1: If the R/C ratio value is greater than 1, it indicates that the total revenue is greater than the total cost. In other words, the business or project is profitable and worth pursuing.
- R/C = 1: If the value of the R/C ratio is equal to 1, this means that total revenue equals total costs. In this condition, the business or project makes neither profit nor loss (break-even).
- R/C < 1: If the R/C ratio value is less than 1, it indicates that the total costs are greater than the total income. In other words, the business or project is unprofitable and incurs a loss.

RESULTS AND DISCUSSION

Business Profit Analysis

Production Cost

Production costs are part of the total costs that must be incurred to produce and sell processed cashew products. Operational costs consist of fixed costs and variable costs.

**Table 2 Average Use of Fixed Costs of the Bagea Household Industry
Success Together in 2024**

Description	Total (Unit)	Price (Rp/unit)	Total Price (Rp)	Age (Year)	Final Grade (Rp/month)
Mixer	1	1.200.000	1.200.000	1	1.200.000
Oven	1	3.800.000	3.800.000	2	1.900.000
Grinder	1	4.500.000	4.500.000	1	4.500.000
Press machine	1	5.500.000	5.500.000	2	2.750.000
Labeling tool	2	65.000	130.000	1	130.000
Total cost used					10.480.000
Average depreciation per month					2.096.000

Table 2 shows that the average fixed costs incurred by the Bagea Sukses Bersama home industry is Rp2,096,000/month. These fixed costs reflect costs that do not change regardless of the level of production or business activity. The highest use of fixed costs used is the sago flour grinding machine with a final value of depreciation due to the usage period of IDR 4,500,000/month, and the lowest cost is the use of product labeling tools with a final value of IDR 130,000/month. Samryn (2013) says that *fixed* cost is a cost that is constant in total without considering changes in activity levels within a certain relevant range.

Table 3 Variable Costs of Raw Material Use of Bagea Household Industry Success Together in 2024

No.	Description	Total	Unit	Price (Rp/unit)	Total Price (Rp/month)
1	Sago flour	5	Kg	40.000	200.000
2	Granulated sugar	1	Kg	25.000	40.000
3	Palm sugar	2	Kg	20.000	25.000
4	Coconut milk	0,2	Kg	20,000	4.000
5	Butter	2	Kg	25.000	50.000
	Total				319.000

Table 3 shows that the raw material costs incurred by the Bagea Sukses Bersama household industry to produce processed sago products of the bagea type have different cost values. The highest cost of using raw materials is sago flour (5 kg), with a price of IDR 40,000/kg,

so the total price required is IDR 200,000/month. Thus, the variable cost for raw material use is Rp319,000/month. The production process of processed sago bagea in the Bagea Sukses Bersama home industry involves the use of main raw materials such as sago flour, granulated sugar, and palm sugar, which act as the main components to produce the final product. Sago flour is obtained through the process of grinding and screening sago tubers in Rate-Rate Village, Tirawuta District, East Kolaka Regency. Furthermore, the average use of variable costs for packaging use in the Bagea Sukses Bersama industry is shown in Table 4.

Table 4 Variable Costs of Packaging Use in the Bagea Success Joint Home Industry in 2024

No.	Description	Total	Unit	Price (Rp/unit)	Total Price (Rp/month)
1	<i>Standing pouch</i>	5	<i>Pack</i>	20.000	100.000
2	Jar	10	Fruit	15.000	150.000
3	Plastic bag	5	<i>Pack</i>	4.000	20.000
	Total				270.000

Bagea Sukses Bersama home industry incurs packaging costs of Rp270,000 per month to support marketing strategies and maintain product quality until it reaches consumers. The 60-gram standing pouch packaging is used for small portions of crispy bagea, offering practicality, freshness and visual appeal suitable for everyday products or samples. Plastic bags are used to package products in bulk, suitable for bulk deliveries and wholesale purchases due to their economical price. Jars are used to give a premium feel and protect products from damage, ideal for higher market segments or as gifts. With a variety of packaging types, Bagea Sukses Bersama can cater to consumer preferences and increase product appeal in the market. These packaging costs become an important component in variable cost analysis, contributing to the company's marketing success and profits.

**Table 5 Average Use of Variable Costs of the Household Industry
Bagea Success Together in 2024**

No.	Description	Value (Rp/month)	
		Total	Average
1	Raw material cost	319.000	63.800
2	Packaging costs	270.000	90.000
3	Labor cost	1.000.000	1.000.000

4	Electricity cost	50.000	50.000
	Total	1.639.000	1.203.800

Bagea Sukses Bersama home industry incurs an average variable cost of Rp1,203,800 per month, the majority of which is allocated to labor wages of Rp1,000,000 per month, while raw material costs average Rp63,800 per month. Labor wages, particularly for packaging and marketing, are calculated based on successful product sales, reflecting flexibility in cost management and driving labor productivity. Variable costs, which fluctuate according to production and sales levels, include components such as raw materials, direct labor, and packaging, and play an important role in budget planning, cost control, and pricing. By understanding the characteristics of variable costs, industries can manage resources efficiently to match production levels with market demand, especially in dynamic or seasonal demand conditions (Mulyadi, 2009; Rudianto, 2013; Noreen and Brewer, 2010).

Total Cost

The total cost of production in the context of the Bagea Sukses Bersama home industry refers to the overall expenditure required to produce the product. This cost involves a number of elements such as the cost of raw materials and other materials used in the production process.

**Table 6 Average Total Production Cost of Bagea Household Industry
Success Together in 2024**

No.	Description	Value (Rp/month)
1	Fixed cost	2.096.000
2	Variable cost	1.203.800
	Total cost	3.299.800

The average total cost of production of the Bagea Sukses Bersama home industry of Rp3,299,800 per month includes all production expenses, such as raw materials, equipment depreciation costs, and other related costs. Total cost is an important factor in business analysis, influencing pricing, profit and business feasibility (Hernanto, 2007). The amount of total cost is inversely proportional to business revenue, so efficiency in cost management is key to increasing profitability. An in-depth understanding of total cost components, such as variable and fixed costs, helps in formulating competitive pricing strategies. In addition, total cost analysis plays a role in making long-term investment decisions, for example to reduce equipment depreciation costs

through investment in more efficient technology (Saputra et al., 2018; Rajan, 2012; Drury, 2015).

Production Quantity

The production quantity of processed bagea sago is the total amount of processed bagea sago products produced by the Bagea Sukses Bersama home industry in a month period. This includes all variants of bagea sago products produced by the industry in its daily operations. More details are shown in Table 7.

**Table 7 Total Production of Crispy Bagea in the Bagea Household Industry
Success Together (3 Times Production / Month)**

No.	Products	Unit	Quantity (Unit/Production)	Total Production (Month)
1	Brown sugar <i>crispy</i> bagea	Pcs	100	300
2		Gram	30	90
3		Kg	6	18

Table 7 shows that the Bagea Sukses Bersama home industry is able to produce 18 kg of palm sugar crispy bagea per month, with a weight per pcs of 30 grams or equivalent to 100 pcs per production carried out three times a month. This significant production volume reflects efficiency and consistency in the production process, allowing the industry to meet market demand stably, plan raw material and labor requirements effectively, and optimize the use of resources. The concept of production elasticity according to Millers and Meiners (1994) and the production function theory of Cobb and Douglass (1980) emphasize the importance of the relationship between inputs and outputs in planning efficient production and achieving the optimal production point for maximum profit.

Reception

Revenue in this study is the product of the amount of production and selling price in a one-month period. In detail, the average revenue of the Bagea Sukses Bersama household industry is shown in Table 8.

Table 8 Total Revenue of Bagea Success Joint Household Industry

No.	Description	Unit	Value
1	Production quantity	Kg/month	18

2	Selling price	Rp/kg	450.000
	Total		8.100.000

Table 8 shows that the total monthly revenue of the Bagea Sukses Bersama home industry from the production and sale of brown sugar crispy bagea reached IDR 8,100,000, with a selling price of IDR 20,000/60 grams at first hand and IDR 25,000/60 grams on the market, or equivalent to IDR 450,000/kg. With a production of 18 kg/month, this income reflects good market value and a significant contribution to total business revenue. In line with research by Utami (2022) and Nurhasan (2021), the high revenue of the sago processing industry is due to high production costs and relatively high selling prices, as seen in the Bagea Sukses Bersama business.

Advantages

Business profit in this study is the difference between the total revenue of the Bagea Sukses Bersama household industry and the total production costs incurred. Business profits have of course been reduced by all costs used during the bagea production process. In detail can be seen in Table 9.

Table 9 Average Profit of Bagea Success Joint Household Industry

No.	Description	Value
1	Revenue (Rp/month)	8.100.000
2	Total production cost (Rp/month)	3.299.800
	Profit (Rp/month)	4.800.200
	Profit (Rp/kg)	266.677
	Profit (Rp/pcs)	16.000

Table 9 shows that the average monthly profit of the Bagea Sukses Bersama home industry is Rp4,800,200, with a profit per kilogram of Rp266,677 or Rp16,000/pcs. This profit is influenced by the volume of production and the prevailing selling price, where the increase in sales is directly proportional to the increase in profit. Profit indicators reflect business feasibility through the potential to cover production costs and increase profitability. Compared to the research of Nuraini et al. (2019), which showed a monthly profit of IDR 2,200,000 in a processed sago business, Bagea Sukses Bersama showed excellence in marketing strategy, product diversification, and pricing, which enabled higher revenue and profits. Production efficiency, distribution, and product quality are consistently key to success in reaching various market segments and maintaining business

competitiveness.

Business Feasibility

Business feasibility can be measured through various aspects, including revenue, production costs, and profitability. Thus, the R/C analysis will focus on the business feasibility of Bagea Sukses Bersama by involving key parameters such as total revenue earned and total production costs incurred. More details can be seen in Table 10.

Table 10 Business Feasibility of Bagea Household Industry Success Together

No.	Description	Value
1	Total revenue (<i>Revenue</i>)	8.100.000
2	Total cost of production (<i>Cost</i>)	3.299.800
	Business feasibility	2,45

Criteria: $2.45 > 1$, business is worth developing

Table 10 shows that the feasibility of the Bagea Sukses Bersama home industry business can be assessed through the R/C ratio of 2.45, which indicates that every Rp1 of production cost generates an income of Rp2.45. With total revenue of IDR 8,100,000/month and production costs of IDR 3,299,800/month, the business not only covers production costs but also generates significant profits, making it highly profitable and worth developing. Factors determining feasibility include effective marketing strategies, product quality, and positive consumer response to the brand, supported by efficient cost management, wide distribution, and strategic partnerships. The consistency of these results is in line with the financial management concept of Mulyadi (2007), which states that a business is viable if its revenue exceeds production costs, and an R/C greater than 1 is an indication of good profitability.

This shows that the Bagea Sukses Bersama business is very efficient in utilizing its resources and has high profit prospects. The profits generated can be used for reinvestment, increasing production capacity, or product diversification. The high R/C ratio also reflects the potential for strong competitiveness, opening up opportunities for expansion into wider markets or increasing market share in existing segments. This success is supported by an efficient production strategy, product diversification that reaches various market segments, and effective cost management. By maintaining product quality, operational efficiency, and exploring new market opportunities, the home industry has bright prospects for further growth and development.

CONCLUSION

Based on the results of the study, it can be concluded that the profit obtained by the Bagea Sukses Bersama home industry is IDR 4,800,200/month. This profit reflects the amount or nominal obtained by Bagea Sukses Bersama, which affects the profitability and feasibility of the business.

The total revenue generated was Rp8,100,000/month and the total cost of production was Rp3,299,800/month, resulting in an R/C value of 2.45. This ratio indicates that each unit of cost incurred generates revenue of 2.45 times the cost, or every Rp1 invested in production costs generates revenue of Rp2.45.

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