



Marketing Efficiency Analysis of Oil Palm (*Elaeis guineensis jacq*) Self-Help Pattern in Wande Village, Dangia Sub-district, East Kolaka Regency

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Abstract

This study aims to (1) determine the self-help pattern of marketing channels for oil palm in Wande Village Dangia District East Kolaka Regency, (2) find out the size of the marketing of palm oil in Wande Village Dangia District, East Kolaka Regency, (3) find out the structure of the independent smallholder palm oil market, (4) determine the efficiency of the marketing channels for oil palm in Wande Village Dangia District East Kolaka Regency. This research was conducted in Wande Village Dangia District East Kolaka Regency from May to August 2023. This study descriptive analysis, marketing margin analysis and marketing efficiency (farmer's share). The number of respondents to independent oil palm smallholders was 30 people using the simple random sampling technique, and the collecting traders were 1 person using the snowball sampling technique. Based on the results of the study indicate that (1) the marketing channel consists of one channel, namely: (a) Farmers-Intermediary traders-Consumers (2) the marketing margin obtained is Rp200. The results of the analysis regarding the percentage of the share of the price received by the producer (farmer's share) is as much as 89%, this shows that the marketing of palm oil runs efficiently.

Keywords: Marketing Channel, Market Structure, Margin, Efficiency, and Palm Oil



INTRODUCTION

The role of the agricultural sector is as a source of producing basic needs, clothing and shelter, providing employment for most of the population, contributing to high national income, and providing foreign exchange input for the country (Yolanda, 2021).

There are many natural resources in Indonesia, one of which is the oil palm plantation commodity. Indonesia has the largest palm oil production in the world. Oil palm is a plant that produces CPO (Crude Palm Oil) used for the oil raw material industry for both food and non-food (Rusdiana, 2021). Palm oil has a strategic role in the Indonesian economy. Countries that can process oil palm well can get very profitable results (Harahap, et al 2019).

In table 1 can be seen below the Oil Palm Area 2018-2022 in Dangia District, East Kolaka Regency.

Table 1 Oil Palm Plantation Area of People's Plantation in Dangia Sub-district

Year	Plant Area (ha)
2018	19,0
2019	17,8
2020	14,8
2021	58,30
2022	319,00

Data Source: BPS Kolaka Timur

From the data above, it shows that the area of oil palm commodity plantations in the dangia sub-district has decreased from 2019 to 2020, but in 2021 to 2022 oil palm plants have increased with an area of 58.30 ha to 319.00 ha.

People in East Kolaka District, especially Wande Village, not only depend on oil palm, but also run small businesses such as trading groceries and pulses while waiting for the harvest period, because the selling price of oil palm is often not according to the market due to the actions of intermediary traders. This area actually has great potential in increasing crop production, especially oil palm, due to favorable climatic conditions. The development of oil palm plantations has a double positive impact on the economy, such as opening up employment opportunities and increasing farmers' income, which in turn boosts the purchasing power of rural communities to fulfill primary and secondary needs.

Independent oil palm farmers are farmers who manage and cultivate their oil palm plantations with their own funds. Starting from the procurement of facilities and infrastructure,



production, to marketing the harvest of oil palm plants in the form of Fresh Fruit Bunches (FFB). There are two channels of FFB marketing conducted by independent smallholders, namely: The first channel where farmers sell FFB directly to the PKS, and the second marketing channel from farmers selling FFB to intermediaries (intermediaries) then from intermediaries to palm oil mills (PKS). Marketing of oil palm fresh fruit bunches (FFB) from farmers to end consumers, namely palm oil mills (PKS), generally requires marketing institutions in the form of intermediary traders (collectors). The role of marketing institutions is needed to make it easier for independent smallholders in the process of selling and transporting oil palm FFB to the PKS. The existence of marketing institutions causes differences in prices received by farmers and can reduce farmers' income. The advantage of selling FFB to intermediary traders is that they pick up the FFB harvest directly from the farmer's plantation (Nasution, 2021).

In contrast to plasma farmers who get prices in accordance with the provisions of the company with which they partner, which has a price agreement every month, independent plantations sell farmers' FFB through the free market. In determining the price, it is very different from plasma farmers, where each fruit must be adjusted according to their respective criteria, and use the current palm oil market price.

METHOD

The research was conducted in Wande Village, Dangia Sub-district, East Kolaka District, Southeast Sulawesi Province. The location of this study was determined purposively with the consideration that the village of Wande, Dangia District is one of the villages producing oil palm plants that have the potential to be developed. This research began in May 2023. The objects (population) in this study are oil palm farmers and traders who distribute oil palm production from producers (oil palm farmers) to consumers. The sample of farmers was taken 50% of the population, so that the sample of oil palm farmers was 30% by means of Simple Random Sampling. While the overall sample of oil palm traders by means of Snowball Sampling obtained from oil palm farmers.

Data collection techniques are carried out by interview using questionnaires, recording, and observation at the research location. The analysis tool is a tool used to answer the objectives of the research objectives. The analytical tools used in research based on the research objectives are as follows:

1. To answer the first problem formulation, descriptive analysis is used, namely explaining the related palm oil marketing channels in the research area.



2. To determine the size of the marketing margin, quantitative analysis is used using the formula Surni (2015):

$$M = He - Hp$$

Description:

M : Marketing Margin

He: Price at consumer level (Rp)

Hp : Price at producer level (IDR)

The formula for calculating the profit earned by marketing actors is as follows (Surni, 2015):

$$\pi = M - C$$

Description:

π : Profit (Rp/Kg)

M : Marketing margin (Rp/Kg)

C : Marketing cost (Rp/Kg)

The formula for calculating *Farmer Share* marketing is as follows (Surni, 2015):

$$FS = 1 - \frac{M}{He} \times 100\%$$

Description:

FS = *Farmer's share* (percentage of the price received by farmers from the price received by the last consumer) (Rp/Kg).

received by the last consumer) (Rp/Kg)

M = Marketing margin earned by traders (Rp/Kg)

He = Sales price (Rp/Kg)

With criteria:

- If $FS > 50\%$, then the marketing channel is efficient.
- If $FS \leq 50\%$, then the marketing channel is not efficient.

RESULTS AND DISCUSSION

Respondent Identity

Respondents in this study were all Oil Palm farmers in Wande Village, Dangia Subdistrict, East Kolaka Regency, where there were 30 oil palm farmers. All of these informants provided information related to how the Oil Palm Marketing Efficiency Analysis of the Self-Help Pattern in Wande Village, Dangia District, East Kolaka Regency. The identity characteristics of respondents are divided into age, education level, business experience, and number of family dependents

Table 2 Identity of Research Respondents

Characteristics		Number (Respondents)	Percentage (%)
Age (Year)	30-35	2	6,7
	36-40	3	10
	41-50	13	43,3
	51-65	12	40
Education Level	ELEMENTARY SCHOOL	15	50
	JUNIOR HIGH SCHOOL	10	33,4
	HIGH SCHOOL	5	16,6
	GRADUATE	-	-
Number of Family Dependents	< 2	3	10
	2-4	23	76,7
	5	4	13,3
Farming Experience	<7	1	3,4
	7-8	5	16,6
	9-10	8	26,6
	11-12	6	20
	13-14	6	20
	15	4	13,4
Total		30	100

Based on table 2 above, the identity of respondents in this study can be described as follows;

1. That the overall age of the respondent farmers is in the age that is in the range of 30-65 years gives an idea that the respondent farmers still have strong physical strength to work managing oil palm farms, so that with these conditions are expected to be able to carry out activities on oil palm farms optimally and be able to increase farmers' income.
2. That most respondent farmers have a low level of education that is at the level of high school education. The above conditions clearly affect the mindset of respondent farmers in making decisions related to their farming activities, because the level of education of respondent farmers is still relatively low, so to increase the knowledge and skills of

farmers, the assistance of field agricultural extension workers or parties who can provide knowledge to farmers is needed.

3. That 30 respondent farmers in Wande Village who have the number of dependents in the small category (<2) as many as 3 people with a percentage of 10% (5) as many as 4 people with a percentage of 13.3%. And large dependents (2-4) as many as 23 people with a percentage of 76.7%. This shows that respondent farmers in Wande Village have a small and large number of family dependents. The number of family dependents greatly influences success in business. Usually the number of family dependents will be in line with the magnitude of the needs being met.
4. That the experience of oil palm farming in Wande Village, Dangia Sub-district, East Kolaka Regency varies greatly from the lowest of 7 years to the highest of 15 years. This shows that oil palm farmers have sufficient knowledge and experience to run oil palm farming.

In terms of efficiency, the more land area that is cultivated, the higher the production of income per unit area. Measurement of farm size can be measured based on the following (Suratiyah, 2006). The total area of land is the amount of all land in the farm including rice fields, tegal yards, natural channels, and so on. Planted land area is the total amount of land that can be planted/cultivated. In terms of efficiency, the more land that is cultivated, the higher the production and income per unit area. Plant area is the total area of plants in a plantation.

Marketing Channels of Oil Palm Self-Help Pattern in Wande Village

Marketing institutions are business entities or individuals that distribute services and products from producers to end consumers and connect with various other parties, arising because of the desire of consumers to get commodities according to time and needs (Kumala et al., 2015; Sudrajat et al., 2014). The marketing channel itself is a series of institutions through which products pass in their distribution from producers to consumers, which can be freely chosen by marketing institutions to determine the most profitable channels (Manoppo et al., 2016). In addition, direct marketing through mail, telephone, email, or other personal communication tools is a modern form of promotion that utilizes communication technology to reach consumers directly, while the choice of marketing channel can affect product prices because it involves the movement of goods by each distributor.

The results of research through interviews with farmers and traders in Wande Village, Dangia District, East Kolaka Regency. The marketing channel can be seen and described in Figure 1 below:

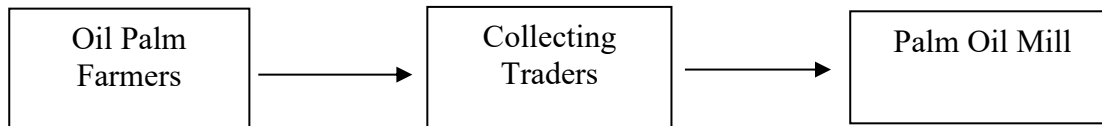


Figure 1 Palm Oil Marketing Channel of Self-Help Pattern in Wande Village, Dangia Sub-district, East Kolaka Regency

Figure 1 is the oil palm marketing channel in Wande Village, Dangia Subdistrict, East Kolaka Regency which based on the picture of this marketing channel starts from oil palm farmers who sell their crops to collecting traders who come directly to the farmers' place, then these collecting traders bring them to their place and then sell them directly to the Palm Oil Mill. Based on the results of the research, the marketing institutions involved in palm oil marketing in Wande Village are:

1. Oil Palm Farmers are producers who carry out oil palm nurseries and then he also does planting, maintenance, until the harvest of oil palm.
2. Collecting Traders are part of the marketing institutions that buy the harvest of oil palm plants from producers (farmers) which are then brought to their place and sell them back to the Palm Oil Mill.

Purchase Volume and Sales Volume of Oil Palm

Pradiani (2017) states that sales volume is the amount of goods or services sold in the exchange process. The greater the number of sales generated by the company, the greater the possibility of profit to be generated. In the palm oil marketing activities in Wande Village, the amount of palm oil sales volume is determined by the amount of palm oil supply that can be produced by palm oil farmers in Wande Village. At the level of collecting traders, the volume of purchases and sales is determined by the availability of farmers' oil palm harvest. More details about the volume of purchases and sales volume can be seen in the following table

Table 3 Purchase Volume and Sales Volume of Oil Palm in Wande Village, Dangia Sub-district, East Kolaka Regency in 2023

No	Trader	Purchase Volume (Kg)	Sales Volume (Kg)
1	Farmer	-	3.402,33
2	Collecting Traders	3.402,33	3.402,33

Source: Results of primary data processing

Based on Table 3, it can be seen that the sales volume of oil palm farmers is 3,402.33 kg. the purchase volume at the collecting traders is 3,402.33 kg and the sales volume is 3,402.33 kg.

Marketing Margin, Cost, Profit and Marketing Efficiency

Market efficiency is measured by the percentage ratio between marketing costs and the value of products marketed, where the lower the percentage, the more efficient the activity (Bugis, 2017). Every marketing institution certainly wants efficiency so that costs can be reduced and profits increased. The marketing margin itself is the difference between the price paid by consumers and the price received by producers, which is strongly influenced by the shape and structure of the market (Sudrajat et al., 2014). In the palm oil marketing process, there are marketing or trading costs incurred by farmers and traders, including costs such as packaging, transportation, drying, and retribution (Karmini, 2020).

Table 4 Purchase Price, Selling Price, Cost, Profit, Margin and Marketing Efficiency of Oil Palm

No	Description	Cost (Rp/Kg)	FS (%)
1	Farmer purchase price	1.600	
2	Selling price to consumers	2.000	
3	Marketing Costs		
	-Transportation	88,17	
	-Labor	58,78	
	-Tax Retribution	2,93	
	-Risk	200	
4	Total Marketing Cost	349,88	
5	Marketing Profit	50,12	
6	Marketing Margin	400	
7	Farmer's Share		80

Source: Results of primary data processing

According to Royani *et al* (2017) the size of marketing costs depends on the number of marketing institutional activities and the number of facilities required in the marketing process. The amount of marketing costs will affect the price of products marketed and the profits obtained.



Based on Table 4, it shows that the marketing channel involved is only intermediary traders, where farmers market oil palm to intermediary traders at a price of Rp1,600/Kg, then intermediary traders market it to consumers (Palm Oil Mills) at a price of Rp2,000/Kg. Then for marketing costs consisting of transportation of Rp88.17 / kg, labor of Rp58.78 / kg, while retribution tax of Rp2.93 / kg, and marketing risk of Rp200 / Kg. The amount of margin between consumers and farmers as producers is Rp400/kg, while the percentage of the price received by farmers is 80%.

Market structure is a relatively permanent strategic element of the company's environment that affects and is affected by behavior and performance in the market. Market structure indicates market attributes that affect the nature of competition. Market structure is usually expressed in terms of the size of the distribution of competing firms (Yohana, 2019). The market is a meeting place between sellers and buyers so that a transaction occurs, from this transaction comes the demand which in this case is needed by consumers and supply by producers (Wijaya, 2022).

The market structure in this channel is monopsony. Monopsony is a form of market where there is only one buyer or a single buyer and many sellers, this situation occurs in the research location of Wande Village, Dangia Subdistrict, East Kolaka Regency. Being in an imperfect market structure in theory if the share of interest ($FS < 50\%$) received by producer farmers is low, it is classified as an imperfect market structure (Surni, *et al*, 2022). However, in this study, even though there is only one trader or single buyer, this study still runs efficiently, thus contradicting the existing theory. This happens because oil palm farmers, especially in Wande Village, have their own land or oil palm plantations. And the farmers in Wande Village they only know one trader and for the price set is also fairly stable so that oil palm marketing in Wande Village runs efficiently.

Hasanuddin *et al* (2020) in his journal said that a marketing channel is said to be efficient if the marketing system is able to deliver results (products) from producers to consumers at the cheapest possible cost and is able to make a fair distribution to all parties involved in the production activities and marketing channels of these products. Oil palm marketing efficiency is a marketing system to provide a share of the price received by farmers where the greater the price received by farmers, the more efficient the marketing will be expressed by the value of *farmer's share*. According to Surni (2015) if the share of the price received by farmers $\leq 50\%$ means that the marketing channel is not yet efficient and if the share of the price received by farmers $> 50\%$ then the marketing channel is already efficient.





Based on this percentage, it shows that the average value of farmer's share in oil palm marketing is 80%. then oil palm marketing in Wande Village, Dangia District, East Kolaka Regency runs efficiently. The results showed that oil palm marketing in Wande Village, Dangia District, East Kolaka Regency consisted of indirect marketing channels, namely from farmers to intermediary traders then to final consumers so that there were price differences at the farmer and consumer levels due to the existence of marketing institutions that became intermediaries between farmers and consumers. The results of this study have similarities with research conducted by Prakoso (2021) with a marketing channel consisting of one channel, namely producers-retailers-consumers and the channel runs efficiently. In contrast to the research conducted by Nurhayati, et al (2020) which consists of two marketing channels, namely channel one (Farmers-Millers-Major Trade-Consumers) and channel two (Farmers-Millers-Retailers-Consumers) with both of these marketing channels running efficiently.

CONCLUSION

Based on the results of research on the Analysis of Palm Oil Marketing Efficiency of the Self-Help Pattern in Wande Village, Dangia District, East Kolaka Regency, it is concluded that the oil palm marketing channel is only one channel, starting from oil palm farmers then to intermediary traders, then to final consumers.

The margin obtained in this marketing channel is IDR 400 / kg. Marketing efficiency in the independent palm oil marketing channel in Wande Village is 80% so that palm oil marketing runs efficiently because the percentage received is >50%.

Based on the conclusions obtained, the author suggests that marketing institutions in Wande Village, Dangia District, East Kolaka Regency can cooperate with the government in setting prices so that traders and farmers can transact without being disadvantaged. In addition, future researchers are expected to conduct more in-depth research related to palm oil marketing by analyzing the market structure and behavior of marketing institutions.

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