



Financial Feasibility Analysis of the Copra Business in Latompa Village, Maligano Subdistrict, Muna Regency

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Abstract

This research is motivated by the lack of information regarding the financial feasibility level of the copra business operated by the community of Latompa Village, Maligano District, Muna Regency. The purpose of this study is to analyze production costs, revenue, income, and the financial feasibility of the copra business based on the R/C ratio, B/C ratio, and Return on Investment (ROI). This research was conducted in June 2025 using a saturated sampling method (census) involving 34 respondents. Data analysis was carried out using descriptive quantitative methods, including calculations of production costs, revenue, income, and financial feasibility analysis using R/C, B/C, and ROI. The results of the study show that the copra business in Latompa Village is financially feasible. An R/C ratio greater than 1 indicates that revenue exceeds production costs. A positive B/C ratio further confirms that every cost incurred provides economic benefits to the farmers. In addition, the positive ROI value demonstrates the ability of the copra business to generate capital returns and profits for business actors. Therefore, the copra business in Latompa Village is financially profitable and has the potential to be further developed

Keyword: *Copra, production cost, income, financial feasibility, R/C ratio*

INTRODUCTION

The coconut tree is known as the “Tree of Life” because nearly every part of the plant can be utilized to meet human needs. Coconut-derived products include coconut milk, copra, coconut oil, raw materials for the food and beverage industry, cosmetics, pharmaceuticals, handicrafts, and even building materials (Christina et al., 2021). In addition to its economic value, the coconut plant also holds significant social and cultural value in the lives of Indonesian

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communities (Lenrawati and Purnamasari, 2020). Therefore, the development of coconut-based businesses has become a strategic alternative for improving farmers' welfare and driving regional economic growth.

At the regional level, the plantation sector serves as the primary livelihood for communities in Southeast Sulawesi. One of the key commodities extensively cultivated by the local population is the coconut. Data from the Central Statistics Agency of Southeast Sulawesi (2021) indicates that the area of coconut plantations in Southeast Sulawesi spans 59,664 hectares, with a total production of 41,028 tons. The coconut commodity yields various value-added processed products, such as copra and coconut oil, which have the potential to be developed as a regional agribusiness industry. Herdhiansyah et al. (2021) state that the development of flagship plantation commodities requires the establishment of priorities to ensure optimal contributions to improving community economic conditions.

One of the coconut-derived products with high economic value is copra. Copra is dried coconut meat used as the primary raw material in the coconut oil and vegetable fat industries. The high demand in both domestic and export markets makes copra a promising commodity for development (Fahroji, 2011). The copra processing process is significantly influenced by drying techniques, which determine the quality of the final product. Based on the processing method, copra is categorized into black copra and white copra, both of which have substantial market opportunities and significant market value.

The village of Latompa is one of the copra-producing areas in Maligano Subdistrict. Most residents in the village rely on coconut processing into copra for their income. According to data from the Muna Regency Central Statistics Agency (2024), the area of coconut plantations in Maligano Subdistrict remained relatively stable from 2019 to 2023, at 410.3 hectares. However, coconut production has fluctuated. Production in 2019 and 2020 was recorded at 410.3 tons, increased to 500 tons in 2021, declined in 2022, and rose again to 700 tons in 2023. These production fluctuations indicate dynamics in coconut farm productivity that can be influenced by various factors, such as production costs, selling prices, weather conditions, and the efficiency of farmers in processing their harvest.

In agricultural operations, business success is determined not only by the volume of production but also by the efficiency of production factor utilization and the business's ability to generate profits. Income analysis and financial feasibility assessments are crucial for determining whether a business can provide a reasonable profit for the business operator. Agricultural income is derived from the difference between revenue and total production costs incurred during the course of business operations. Therefore, financial feasibility analysis can be



used to assess the level of efficiency, profitability, and sustainability of the copra processing business. However, to date, it remains unclear whether the copra processing business operated by the community in Latompa Village is financially viable for further development. Fluctuations in copra production and selling prices are suspected to affect farmers' income levels, while information regarding cost structure, revenue, profit, and business efficiency remains limited. These conditions highlight the need for a financial feasibility analysis of the copra business to serve as a basis for business decision-making and policy development regarding the copra commodity in the region.

Several previous studies indicate that the copra business generally has fairly good prospects. Yudha Pranata's (2019) study in Silau Bonto Village, Silau Laut Subdistrict, Asahan Regency, showed that the copra processing business has an R/C ratio of 1.88, making it viable to pursue, although a B/C ratio of 0.88 indicates the business is not yet viable based on that indicator. Indah's (2023) study in Sumber Marga Telang Subdistrict, Banyuasin Regency, showed that the copra business is viable with an NPV of Rp391,991,331.27, an IRR of 14.15%, a Gross B/C Ratio of 1.21, a Net B/C Ratio of 1.41, and an R/C Ratio of 6.32. Furthermore, Arfan Setiawan's (2022) study in Tanjung Lago Village, Banyuasin Regency, yielded an R/C value of 1.40, indicating that the copra business is viable.

Based on the above discussion, it can be concluded that the copra processing business holds significant economic potential for increasing community income. However, each region has different business conditions, cost structures, and profit margins. Therefore, a more specific study is needed regarding the financial feasibility of the copra business in Latompa Village, Maligano Subdistrict, Muna Regency. This study is important to determine the income level, efficiency, and feasibility of the copra business so that it can serve as a basis for consideration by farmers and local governments in the sustainable development of the copra business. Thus, the author is interested in conducting a study titled "Analysis of the Financial Feasibility of the Copra Business in Latompa Village, Maligano Subdistrict, Muna Regency."

METHOD

This study was conducted in June 2025 in Latompa Village, which was selected through purposive sampling because it is one of the regions producing copra, with the majority of the community relying on the copra business as a source of income. The population in this study consists of all coconut business operators, totaling 34 individuals; therefore, the sampling technique used is a saturated sample (census), where the entire population serves as the study's respondents. The data types used include primary and secondary data. Primary data was

obtained through interviews, questionnaire distribution, and direct observation of copra business activities, while secondary data was obtained from relevant agencies, statistical reports, and relevant literature. Data collection techniques were conducted through interviews, surveys, field observations, documentary studies, and secondary data analysis to obtain information regarding the production process, business costs, revenue, and the conditions for the development of the copra business.

The analysis method used in this study is the quantitative descriptive method to determine the profit level and feasibility of the copra business operated by farmers in Latempa Village. Based on conventional business feasibility criteria, the following must first be determined: costs, revenue, profit, *the Revenue/Cost Ratio* (R/C Ratio), *the Benefit/Cost Ratio* (B/C Ratio), and ROI.

RESULTS AND DISCUSSION

Analysis of Copra Production Costs

In the copra production business, production costs consist of all expenditures incurred by farmers during a single production period. These production costs are divided into two main components: fixed costs and variable costs, which are then summed to yield total production costs.

Table 1. Fixed Costs of Copra Production in Latempa Village, Maligano Subdistrict, Muna Regency

No	Equipment	Quantity	Initial Price (Rp)	Depreciation Cost/Year (Rp)
1	Lewang	62	165,882	620,400
2	Parang	69	205,588	24,000
3	Tent	34	133,971	21,435
4	Arko	41	1,059,706	160,607
5	Bakul	34	95,441	23,860
6	Picker	77	71,029	6,568
Total Cost		-	1,731,617	856,870

Based on Table 1, the total fixed costs of the copra business in Latempa Village resulting from equipment depreciation amount to Rp856,870 per year. The equipment used includes lewang, machetes, tents, arko, baskets, and scrapers, while the copra house is not included in the depreciation calculation because it is generally made of natural materials at a low cost. The

largest depreciation is on the arko at Rp1,059,706 and the smallest on the pencungkil at Rp71,029. Fixed depreciation costs are taken into account because they affect the viability of the copra business.

Table 2. Variable Costs of Copra Production in Latompa Village, Maligano Subdistrict, Muna Regency

No	Cost Type	Amount	Unit	Unit Price (Rp)	Total Price (IDR)
1	Kerosene	34	Liter	10,000	340,000
2	Matches	34	Pieces	2,765	94,000
3	Rope	59	Roll	8,676	295,000
4	Climbing	4,165	Tree	10,000	41,650,000
5	Peeled Fruit	98,850	Fruit	200	19,770,000
Total Cost		-	-	31,641	62,149,000

Based on Table 2, the variable costs of copra production in Latompa Village include labor costs and production support materials. The largest cost comes from coconut harvesting at Rp41,650,000 due to the large number of coconut trees harvested, followed by fruit peeling costs of Rp19,770,000. In addition, there are costs for kerosene (Rp340,000), matches (Rp94,000), and rope (Rp295,000) as production support materials. Total variable costs for the copra business amount to Rp62,149,000, indicating that labor costs constitute the largest component in the copra business cost structure.

Table 3. Revenue and Income of the Copra Business

No.	Component	Calculation	Amount (Rp)
1.	Coconut meat production	24,875 kg x Rp 18,000/kg	447,750,000
	Total Revenue		447,750,000
2.	Total Production Costs	61,044,000 + 59,550,285	120,594,285
	Net Income	447,750,000 – 120,594,285	327,155,715

Based on Table 3, copra production of 24,875 kg at a price of Rp 18,000/kg generates total revenue of Rp 447,750,000. After deducting total production costs of Rp 120,594,285, net income of Rp 327,155,715 is obtained. These results indicate that the copra business offers high profits and is financially viable.

Financial Feasibility Analysis of the Copra Business

A business feasibility analysis was conducted to determine the extent to which the copra business provides financial returns and efficiency. In this study, business feasibility was calculated using three main indicators: the R/C Ratio, the B/C Ratio, and ROI. By using these three analyses, it can be determined whether the copra business is financially efficient, profitable, and worth developing. The results of the copra business feasibility calculations are presented below;

Table 4. Results of the R/C Ratio Analysis

No	Description	Amount (IDR)	Remarks
1	Total Revenue (TR)	447,750,000	Copra sales revenue 24,875 kg × Rp 18,000/kg
2	Total Production Costs	120,594,285	Fixed and variable costs
3	R/C Ratio = (TR ÷ TC)	3.71	3.71 R/C > 1

Based on Table 4, the analysis shows that the copra business in Latompa Village is efficient and profitable. Total revenue (TR) from the copra business amounted to Rp447,750,000, derived from the sale of 24,875 kg of copra at a price of Rp18,000/kg. Total production costs incurred amount to Rp120,594,285, consisting of fixed and variable costs. The analysis results show an R/C Ratio of 3.71 ($R/C > 1$), meaning that every Rp1 of production cost generates revenue of Rp3.71. Thus, the copra business being operated is profitable and financially viable for further development.

This aligns with the findings of Moha *et al.* (2024) and Rafidah and Sawitri (2020), who state that an R/C ratio above 1 indicates that the copra processing business is profitable and financially viable for development.

Research (Umami *et al.*, 2023) indicates that the revenue from the white copra business in Toari Subdistrict, Kolaka Regency, is Rp4,330,167. In the business feasibility analysis, it was found that the R/C ratio for white copra processing is 1.43. These results indicate that the white copra business is cost-efficient and viable to operate because the analysis shows an R/C ratio > 1 .

Thus, the results of this study reinforce previous findings that the copra business is financially viable, as the R/C Ratio is greater than 1. This means that copra entrepreneurs are able to generate higher revenue than the costs incurred, indicating efficiency in business management.

Table 5. Cost-Benefit Analysis Results ()

No	Description	Value (Rp)	Description
1	Total Revenue (TR)	447,750,000	Copra sales revenue 24,875 kg x Rp 18,000/kg
2	Total Production Costs	120,594,285	Fixed costs + variable costs
3	Difference (TR - TC)	327,155,715	Net profit
4	B/C Ratio	2.71	B/C > 1 indicates that the business is viable

The analysis results show a B/C Ratio of 2.71 (>1), meaning that every Rp1 of production cost yields benefits exceeding Rp1. Thus, the copra business is profitable and viable. In line with the research findings (Boekosoe *et al.*, 2015), the Net B/C Ratio generated in the copra business is 3.38 or >1, where the benefits obtained are greater than the costs incurred, making the copra business viable to continue. This is because the costs incurred by copra farmers are relatively small compared to the income received by copra farmers, which is considered profitable.

In line with the research by Sapri *et al.* (2022), which states that the copra processing business with a positive B/C ratio is considered profitable and has the potential to be developed as a source of income for farmers. Thus, this business remains profitable even though the profit margin is relatively small. Since the B/C value is >1, the copra business is deemed viable according to feasibility analysis criteria.

Table 6 Results of R -OI Analysis

No	Description	Value (Rp)	Description
1	Total Revenue (TR)	447,750,000	Copra sales revenue 24,875 kg x Rp 18,000/kg
2	Total Production Costs	120,594,285	Fixed costs + variable costs
3	Difference (TR - TC)	327,155,715	Net profit
4	ROI	271.3%	Feasible Business

Based on Table 6, the total revenue from the copra business is Rp447,750,000 with total production costs of Rp120,594,285, resulting in a net profit of Rp327,155,715. The high ROI is due to the relatively high selling price of copra, large production volume, and efficient use of production costs, both fixed and variable. Additionally, some production stages are carried out simply and efficiently, thereby reducing labor costs. This situation allows the capital invested to be recovered quickly and generate a profit, making the copra business viable and profitable to



operate. This aligns with the research by Rauf *et al.* (2021), which states that a copra processing business with a positive ROI demonstrates good financial performance and is suitable for development as a sustainable business.

These results are consistent with Wulandari's (2020) study on the Feasibility Analysis of the Copra Business in Muna Regency, which showed an ROI of 10.85%. Both studies indicate that the copra processing business remains financially profitable. However, the ROI in this study is higher, as the selling price of copra received by the respondents is more favorable and operational costs are relatively efficient. Thus, the results of this study reinforce previous findings that the copra business is a viable venture to develop, particularly if business operators can reduce production costs and maintain stable selling prices in the market

CONCLUSION

Based on the research conducted on the copra business in Latompa Village, it can be concluded that, based on the calculations of the three indicators—R/C Ratio of 3.71, B/C Ratio of 3.71, and ROI of 271.3%—the copra business in Latompa Village, Maligano Subdistrict, is financially viable.

Based on the research findings, it is recommended that copra farmers improve production process efficiency and routinely record costs and revenues to better understand the business's profit margins. The government is encouraged to assist in opening market access by providing price information, strengthening distribution channels, and fostering partnerships between farmers and processing industries or exporters to ensure more stable copra marketing. Furthermore, future researchers are encouraged to expand upon this study by incorporating additional variables or employing different analytical methods to yield more comprehensive research findings.

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