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[ABOUT US](#)
[GJESRM EDITORIAL](#)
[ARCHIVE](#)
[AUTHOR GUIDELINES](#)
[CONTACT US](#)

## Current Issue

S/No.	TABLE OF CONTENT (GJESRM, 5(2):February -2018)	Page No.	Back PDF
1	<b>IN SEARCH OF COMMUNITY PERCEPTION ON SHARIA BANKING IN DEVELOPMENT COUNTRY (LITERATIONS STUDIES AND COMMUNITY PREFERENCE IN JEMBER, INDONESIA).</b>  Arnis Budi Susanto*, Purnamie Titisari, Yosefa Sayekti	1-8	<a href="#">Download</a>
2	<b>POTENTIAL IMPACT OF CLIMATE CHANGE ON GROUNDWATER RESOURCES IN PORT HARCOURT, NIGERIA.</b>  Raphael Oaikhena Oyanyan*, Michael Akong Toko	9-17	<a href="#">Download</a>
3	<b>A COMPARATIVE STUDY OF SOME ESTIMATORS IN ECONOMETRIC MODEL WITH MULTICOLLINEARITY.</b>  Abdulrasheed BelloBadawaire*, S. Y. Jackson, M. G. Bukar	18-24	<a href="#">Download</a>
4	<b>ASSAULT OF RISKS IN MULTI STOREY BUILDING CONSTRUCTION.</b>  Radhakrishnan*, Dr K G Selvan	25-32	<a href="#">Download</a>
5	<b>STATIONARY OSCILLATIONS OF THERMOELASTIC ROD UNDER ACTION OF EXTERNAL DISTURBANCES.</b>  L. A. Alexeyeva*, M. M. Ahmetzhanova	33-43	<a href="#">Download</a>
6	<b>MODELS OF FINANCING WITH PROFIT SHARING AND LINKAGE PROGRAM FOR MICRO, SMALL, MEDIUM ENTERPRISES IN JEMBER REGENCY, EAST JAVA, INDONESIA.</b>  Ahmad Roziq*, Yulinartati, Norita Citra Y	44-54	<a href="#">Download</a>
7	<b>BUSINESS FEASIBILITY AND SOYBEAN DIRECTIVENESS PRODUCT INSTITUTIONAL PATTERN IN JEMBER DISTRICT.</b>  Zainuri*, Mohammad Saleh, NurHisamuddin, Ahmad Roziq	55-58	<a href="#">Download</a>



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## **BUSINESS FEASIBILITY AND SOYBEAN DIRECTIVENESS PRODUCT INSTITUTIONAL PATTERN IN JEMBER DISTRICT**

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**KEYWORDS:** Soybean derivative product derivatives, social capital, financial feasibility.

### **ABSTRACT**

Jember regency is the only district in East Java that is able to export soybean to foreign countries. Efforts to achieve the welfare of rural communities should be encouraged by developing the potential of rural communities, utilizing the resources they possess and optimizing the results so that these efforts should culminate and rely on the welfare of rural communities by developing agro-industry sectors through the creation of farms that will impact on improving the welfare of farmers, land use that is not optimal, the opening of new employment in the village and the decline in urbanization numbers and the impact on increasing the original income of Village Government. This paper aims to analyze the feasibility of various derivative products made from soybean raw material and find institutional model of soybean based business for the creation of added value of agribusiness of soybean. The type of research that will be used is survey research, qualitative research that will be implemented in Jember District. The results of this study show that all derivative products of soybean are financially feasible which can be seen from R/C ratio is greater than 1. The development of soybean derivative business is not enough to see financial analysis only because this research finds that financial analysis in the long run is not a determinant of the business continuity. Social capital has an important role in maintaining business continuity in the long term either in the form of a sense of friendship, solidarity, social relationship and maintained consciously to maintain its business.

### **INTRODUCTION**

The agricultural sector plays a very strategic role in national development. Agro-industry development will increase demand for agricultural products to increase production, farming prices and farmers' income. Thus the development of the agro-industry sector has high a multiplier effect. Agro-industry development will increase demand for agricultural products to increase production, farming prices and farmers' income. The development of the agricultural sector will increase the demand of the upstream agro-industry sector, the marketing sector and the supporting sectors (finance, insurance, consulting and education). Thus the development of the agro-industry sector has high a multiplier effect.

Soy is one of the main sources of vegetable protein that can grow relatively well in Indonesia. Although it can be planted in a simple way, nationally soybean needs are relatively difficult to be fulfilled from within the country considering the supply has not been able to grow as expected. There are a number of important issues that are pointed to be among other reasons, the availability of superior seeds are low, less competitive with other crops, low technology used, misguided government policies, weak institutional at the farm level, and fluctuations in prices that are not stable and less efficient. On the other hand demand for soybeans increases over time. This is indicated by the increasing import of soybeans. In 2009 it was recorded at less than 400,000 tons and increased 100% to 800,000 tons in less than 10 years i.e. in 1996. In 2010 imports increased to 837,964,487 The high import of soybean to supply the needs of its derivative products are increasing both for the needs of the food industry such as soy sauce, *tauco*, milk, *vetsin*, cakes, oil, margarine, and non-food industries such as paper making, ink, varnish, watercolor, plastic and pharmaceutical industries.

In contrast to the national condition, in Jember District, in 2013 recorded a surplus of 2,259 tons. The production of soybean is 27,732 tons with consumption needs of 25,473 tons. Soya production continues to increase in significant amounts. Recorded soybean production in 2015 amounted to 10,932 tons and increased to 10,992 tons in 2016 (Pajale, 2017). In addition to surplus, the soybean produced by Jember Regency has its own advantages because it successfully penetrated the international market or export to foreign countries. The export destination countries are Japan, Taiwan, Malaysia, Singapore, Europe and the United States. Every year around 4,500 -5000 tons of soybeans are exported successfully by generating foreign exchange USD 10 million. Excess production of



## Global Journal of Engineering Science and Research Management

soybeans with consumption will lead to falling prices. Therefore, farmers must be innovative by creating value creation by doing or establishing derivative products such as tempe, ketchup, tofu, nata de soya, milk, soyghurt, and so on. The main issue of this research focus is which one financially more feasible among the soy derivative products and how is the institutional model?

### RESEARCH METHOD

This research is a type of survey and exploratory research using triangulation method. The type of data used in this study primary and secondary data. Data collection methods used were documentation studies, interviews, and focus group discussions (FGDs). The units analyzed are farmers and soybean farmer groups, finance and business institutions made from soybean and Agriculture and Cooperatives and MSMEs located in Jember District.

### Findings and Discussion

The data collected will be analyzed descriptively-qualitative exploratory. Analyzed data is done by validity and reliability test by triangulation. To know the feasibility of effort used R / C Ratio analysis, while to know institute model using qualitative analysis with approach of Miles and Huberman include; (1) data collection, (2) data reduction, (3) display data, (d) conclusion drawing / verification. From the result of the analysis that has been done, the net profit received by the business actor is Rp 14,906,653 / day. When compared with soybean farming, business know to gain a profit of Rp 2,000,000. This business in its financing uses its own cost with a total capital of Rp 6,000,000. Businesses know that it has no significant constraint, because the financing by using their own capital. Product marketing is done by mouth-to-mouth promotion through the people around. Based on the results from the Table Cost analysis and the above calculation can be seen that the business know as a derivative soybean products worth to do because business actors can reach the benefits of the business undertaken ( $R / C \text{ Ratio} > 1$ ).

From observations that have been made net profit received by business actors of soy milk called 'suleku' Rp 17.989.264 / month. When compared to soy farming, business selling soy milk is more profitable. In this business of soy milk, Mrs. Mujiati use their own cost besides also supported by bank funding. The business of soy milk is not experiencing difficulties in financing in its business because in addition as a soybean business entrepreneur facilitated by Bank BRI. In the capital itself there are no obstacles, in marketing was also not experiencing barriers. The marketing of soybean milk itself based on interview result is done by partnering with Bank BRI in Jember.

The condition of entrepreneurs with minimal constraints experienced by business actors is a reflection that banks have contributed to the implementation of business in the community. This situation will be better if supported by the presence of government policy. Soybean entrepreneur is wishing to the local government to provide assistance in the form of venture capital, technology, counseling and assistance to increase the added value of soybean milk business increased. Small and medium-sized micro enterprises are moving forward following the globalization era so that the need for local government support in terms of capital, production and marketing techniques. Therefore, MSMEs can grow and increase, so it can increase the added value for regional economic growth, especially income per capita society. Based on the results from the table Cost analysis and the above calculation can be seen that the business of soy milk is feasible to do because business actors can reap the benefits of the business undertaken ( $R / C \text{ Ratio} > 1$ )

Based on the observation, capital cost used comes from personal capital without any banking credit or other financial institutions. The initial capital used in soybean processing business ranges from Rp. 4.000.000, -. However, if viewed from the income earned certainly generate substantial profits. Constraints faced in the business of soy milk is when soy is not sold then the consequences should be accepted is soybean is returned with expired condition so it can not gain a profit. The role of the government as facilitator for the creation of triple helix is very important to support the success of the business resulting in a multiplier effect for the economy. Business assistance, assistance in the form of capital credit, ease of licensing and procurement of soybean processing exhibition is needed to support the business.

From the feasibility analysis, it can be seen that the margin obtained by the businessman of soybean derivative products, whether tofu, tempe, soybean chips or soy milk is not solely determined by the amount of capital owned or the education level of the entrepreneur but also implied the role of social capital owned by each actor business. The construction of social relations based on solidarity and mutual trust will generate a sense of togetherness or





## Global Journal of Engineering Science and Research Management

high social solidarity so as to have a positive impact on improving economic prosperity and development (Mashud, 2010). The form of friendship made by Mujiati's mother with the head of the famous bank in Jember district has provided a great opportunity to develop the marketing of soybean milk in its production. As Field (2003, in Smith, 2009) points out, the essence of social capital is the establishment of well-ordered social relationships which then develop into social networking which is a valuable asset. Social interaction based on a sense of togetherness, friendship allows people to build and establish a social network.

Businesses know as one of the soybean derivative products also have relatively high profit margins but tend to be stagnant. It also signals that the profit margins possessed by the entrepreneur know not be separated from the construction of social capital it has. P syaifudin from Petung village has been working as a producer of tofu for decades, but the benefits of his business tend to be flat because the social relationships that are built tend to stop at people or close friends who become customers of his products so that the accumulated capital built can not boost sales yeah. As Putnam points out (in Wikipedia, 2008) that social capital refers to parts of social organizations such as trusts, norms and networks that can improve the efficiency of community enterprises by facilitating coordinated actions. Thus, social cohesion is very important to develop a business owned that enables the achievement of a greater profit margin, without which the goal will not be achieved.

Other soy foods that consumers are interested in are fried soybeans (soy snacks). This fried soybean owned by Mr. HjRomli is located at Tanggul has been widely known to Bali, Madiun and even to Madura. The marketing system he built up in collaboration with small service agencies in the region he visited. Although using a simple technology but the business of soy snack is quite successful. Based on the results from the table Cost analysis and the above calculation can be seen that the business is feasible to do because business actors can reap the benefits of the business undertaken ( $R / C \text{ Ratio} > 1$ ).

Based on the observation of capital cost used comes from personal capital without any credit banking or other financial institutions. The initial capital used in soybean processing business ranges from Rp. 4.000.000, -. However, if viewed from the income earned certainly generate substantial profits. The presence of the government in the improvement of technology and layout is very important to support the success of this business resulting in a strong backward and forward circle for the economy.

Another derivative product of soybeans is tempeh. From the observation result that has been done the net profit received by tempe business actor is Rp 7,364,208 / month. In tempe business is using personal funds without any assistance from the banking or other financial institutions. Obstacles faced in tempe business is at the beginning of production losses due to still not so understand the appropriate production method so that many unsold production results due to less attractive tempe quality. In the capital itself there are no obstacles, only in marketing initially had trouble finding the market. Marketing of tempe production itself is based on observation result through third party or agent and owner does not come directly to buyer (retail).

The challenge, strength and opportunity of soybean business gives a signal to local governments to provide a form of policy that must be taken. Expectations from local business actors should provide assistance in the form of venture capital, technology, business assistance, and marketing assistance.

### CONCLUSION

The development of derivative products of soybean business is not enough to be analyzed by R/C ratio, but also need to consider carefully about its institutional factors. This study found that social capital factors such as network strength, maintaining trust and friendship solidarity also helped the development of soybean derivative products.

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