The main problems of na-oogst tobacco agribusiness in Jember

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Abstract. Tobacco business are business activities that have been entrenched in Jember district. Many farmers and large companies are depending their lives on tobacco farming. The Na-Oogst (NO) tobacco farming has been historically contributed to economy, social and cultural dynamics of local communities. Although Indonesia's tobacco business is worldwide, there are many problems in agribusiness activities. Based on this description, this study aims were: identifying problems found in the NO tobacco agribusiness chain, and analysing the actors related to the existing problems. This research is descriptive using qualitative research methods. Data collection was obtained from observations of actors and activities as well as in-depth interviews with informants in the Na-Oogst tobacco value chain. Data and information are analyzed by data reduction techniques, data presentation and verification retrieval through triangulation to draw conclusions. The results of the study show problems related to NO tobacco agribusiness were the ability of the actors, partnerships, and coordination linkages, and the main actors existing problems related to core actors are farmers, traders, and companies/ exporters.

1. Introduction

In East Java Province, 100% of Besuki Na-Oogst (NO) tobacco is for the export market. This commodity is not only for a business but also as a heritage that should be preserved [1]. According to the chairman of APTI (Indonesian Tobacco Farmers Association) said that in 2015 Jember exporters only agree to buy 50% of the farmers Na-Oogst tobacco harvest. According to The Head of the Disbunhut Jember District also said that planning to purchase tobacco in 2015 by holding companies in Jember district was 2,450 tons for NOTA tobacco (Na-Oogst early planting) and 650 tons for traditional Na-Oogst tobacco, then, the total will be 3,100 tons. Compared to 2014, the number of NOTA production was 5,891 tons and traditional Na-Oogst tobacco was 2,006 tons. It shows that the decrease of the purchase volume was 50 %. While, the plan absorption by exporters was 8,400 tons, but in the realization, traditional NOTA and Na-Oogst tobacco purchase was 3,602 tons. It means only 42,8% from the planned absorption [2].

The inability of absorption from most of tobacco farmers by exporters caused by a number of things includes the decline in the international tobacco market in Bremen, the shift in quality required by the international market, the number of Na-Ogst's tobacco stock in the company's warehouse is full and it can be occur because the company also planted its own tobacco.
These problems cannot be separated from supply chains and No tobacco agribusiness value chains and the actors involved. Therefore, this study aims were: describing the general chain of NO tobacco business activities, identifying the problems found in the NO tobacco agribusiness chain, and analysing the actors related to existing problems.

2. Method
This research approached Besuki NO tobacco agribusiness as a unified system including the relationship between elements and value chain actors and the core processes that take place in the value chain of tobacco agribusiness systems. Identification of the value chain and main obstacles found in NO tobacco agribusiness was carried out by using a qualitative approach with descriptive research methods. This study was intended to uncover problems and obstacles in NO tobacco agribusiness. The confirmation was done to the description of the interview results with tobacco agribusiness key actors and review the relevant previous studies.

Data collection was obtained from observations of actors and activities as well as in-depth interviews (Depth Interview) with informants in the Na-Oogst tobacco value chain. Determination of informants was done through purposive sampling, with limits on the level of saturation or repetition of data and information obtained. It based on the criteria for involvement in NO tobacco agribusiness and the business. Data and information are analyzed by data reduction techniques, data presentation and verification retrieval through triangulation to draw conclusions. Research sites located on several sub-districts in Jember, including Kaliwates, Ajung, Sukowono, Ledokombo, Mayang, Wuluhan, Ambulu, and Balung.

3. Result and Discussion

3.1. A chain map and Tobacco Na-Oogst Agribusiness Actors
The relationship between components in the tobacco agribusiness system must be a consideration in analyzing the effectiveness of a business in this Tobacco NO agribusiness case [3]. The general model of the Na-Oogst tobacco value chain system in Jember regency can be described as an order process from raw materials to the consumers, and various parties are involved in the whole activity.

Furthermore, from this model, derivative maps of different dimensions are created to dissect the value chain to know the various problems occurred within through an analysis and assessment of the following maps.

The core process is the main process that must be passed by the raw material before it can be consumed. Based on the data and information obtained, the core processes consists of:

![Figure 1: Core Process](image_url)

Based on the figure above shows that NO tobacco agribusiness chain can be categorized into a simple value chain. The production process and processing into raw materials is one of the crucial activities to obtain the expected quality of tobacco. In general, the results of tobacco processing is cigarettes as omblad, degblad, and filler.


3.2 Agribusiness actors

The actors of agribusiness are subjects who did the main jobs in tobacco agribusiness and they have significant differences between actors. Based on the core process, the actors are: Farmers, Tobacco Traders (Belandang), Packaging Company, Exporter, Importer, and Consumers.

Based on the ability to influence, it shows that the main actors of trade are collectors called as “belandang”, and face to face with farmers. However, there are other actors that can affect the overall agribusiness activities. The other actors are: Government, Employers’ Association, Farmers’ Associations or groups, Department of Industry and Trade, Agriculture and Plantation Services, Agency of Testing and Goods Quality Certification (UPT PSMB), Self-Help Companion, Financial Institutions, and KUTJ.

The roles of actors can be described in table below.

| No | Actors/Institution | Roles |
|----|-------------------|-------|
| 1  | Regional Government / Department of Agriculture | • Making regulation of production process and post harvest<br>• Implementing tobacco purchasing licenses<br>• Facilitating and empowering farmer<br>• Facilitating partnership and supervision |
| 2  | Plantation Extension | • Facilitating and empowering farmer<br>• Transferring technology<br>• Giving information about resources |
| 3  | Industry and Trade Service | • Making regulation of the tobacco trade process<br>• Facilitating and empowerment of entrepreneurs, traders / foreigners<br>• Facilitating partnership and supervision |
| 4  | Agency of Testing and Goods Quality Certification (UPT PSMB) | • Testing tobacco quality and certification<br>• Facilitating building capacity for extension management, and facilitators<br>• Controlling quality of tobacco<br>• Standardizing tobacco quality<br>• Implementing sop for the quality entrepreneurs categories / |
| 5  | Entrepreneurs / Exporter | • Purchasing tobacco products<br>• Increasing in added value of tobacco<br>• Facilitating and empowering farmers & collectors / belandang<br>• Giving sources of information for tobacco specific needs |
| 6  | Tobacco Entrepreneurs Association | • Giving information source for international tobacco dynamics demand<br>• Providing cooperation to increase competitiveness<br>• Doing collaboration to fulfill tobacco products |
| 7  | Traders / Collectors / Belandang | • Collecting product<br>• Purchasing tobacco products<br>• Providing company partners<br>• Giving sources of information for farmers<br>• Producing tobacco<br>• Increasing added value of tobacco<br>• the fulfilling specified quality tobacco |
| 8  | Farmers | • Giving sources of information from the outside environment for technology transfer<br>• Bridging farmers and entrepreneurs<br>• Facilitating farmer for the needs of production facilities |
| 9  | Farmer Groups | |
No | Actors/Institution | Roles |
---|-------------------|-------|
11 | Jember Tobacco Affairs Commission (KUTJ) | • Facilitating positive image of tobacco  
• Giving sources of information on the dynamics of the external environment for tobacco products  
• Providing mediation of tobacco actors problems |
12 | Financial Institutions | • Facilitating capital facilities for no tobacco agribusiness |

3.3 Map of Problems and Potential Solutions
Tobacco agribusiness holds the potential welfare of farmers and rural communities [4]. In practice there are obstacles and difficulties as problems in tobacco industry. Some of these problems occur at the levels of planting, production and processing, and trading. These problems constraints the potential solutions can be described in table below.

| Dimension | Input / Tobacco NO production Devices | Planting | Production and Processing | Trading | Export |
|-----------|--------------------------------------|----------|--------------------------|---------|--------|
| Difficulties / Problems | Input price instability such as fertilizers and pesticides  
Availability of fertilizer  
Powerless Farmers | Weather and uncontrolled production environment  
Poor cultivation techniques  
Low facilitation of counseling | Maximized production techniques  
Uncontrolled post-picking production techniques by farmer | Difficulty of predicting price/price instability  
Low bargaining power of farmers  
Difference/lack of clarity in quality criteria  
Running of Implementation of standardizing | Difficulty of interacting among exporters, importers, and consumer |
| Solutions | Giving Government regulation: Realization, supervision and evaluation  
Empowering farmer groups | Strengthening counseling  
Implementing Regulation planting: Realization, supervision and evaluation | Providing The role of mediation (in the form of regulation) for the needs of planting area | Providing Regulations for tobacco quality standards: realization, supervision, evaluation  
Giving an Advocacy for farmers and farmer groups in pricing | Providing Government facilitation for international trade advocacy |

Table 2. Map of Barriers and Possible Solutions

Based on this identification, main problems in the chain were found in the activities of cultivation, production, processing, trade and export activities. These problems were: instability input price such as fertilizers and pesticides; fertilizer availability; powerless farmers; uncontrolled weather and production environment; poor cultivation techniques; low facilitation of counselling; not maximized production; less controlled post-picking production techniques; difficulty on predicting price instability; low bargaining power of farmers; difference/lack of clarity in quality criteria; low running of implementation of standardization; and low interaction of exporters, importers, and consumer.

If further analyzed, there is a shared need in the value chain and no tobacco agribusiness actors that can be presented as follows: fulfillment of export needs; product quality and quantity; price certainty; upgrading of the weak chain; symmetrical information; no tobacco agribusiness sustainability; access to get capital from financial institutions; technology availability; continuity of meeting tobacco needs according to time; proportional margin acceptance; strengthening/empowering groups or associations of farmers; and quality of human resources.

Some efforts to overcome problems and fulfill common needs can be done through strengthening institutional coordination between actors by applying the principles of justice and equality.
4. Conclusion
The results of the study show: NO tobacco agribusiness chain can be categorized into simple one; Problems related to NO tobacco agribusiness are the ability of the actors, partnerships, and coordination linkages; also main actors are related problems to the core actors namely farmers, traders and companies/exporters.

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