

## Examining the economic viability of clove farming and its impact on the welfare of farmers in Larompong Sub-District

Andi Ismi Yanti<sup>1</sup>, Adzan Noor Bakri<sup>2\*</sup>

<sup>12</sup>Institut Agama Islam Negeri Palopo.

Email: andi\_ismi0068@iainpalopo.ac.id, Adzan.noor@iainpalopo.ac.id

---

### **Abstract**

Received: 28 mei 2023

Revised: 21 Juni 2023

Accepted: 30 Juni 2023

*This study discusses the profitability of clove farming and the welfare of clove farmers in Larompong District. This thesis is of a quantitative type; the location of this research is Larompong District from June to July, for the population and sample, namely the clove farming community in Larompong District and with a sample of 30 people. The data sources for this research were primary and secondary data, while the data collection methods were direct observation and population and sample collection by random sampling or random sampling. The results of this study indicate that with a total acceptance of Rp. 44,400,000 is then reduced by the total cost of IDR 1,218,183 so the total income received is IDR 43,181,817. so the NPM of clove farming in the Larompong sub-district is 97% which is relatively high and able to provide benefits, while determining the level of welfare using NTP (Farmers Exchange Rate) analysis by looking at the average household expenditure of Rp.9,583,334 and farming income cloves of Rp.44,400,000 so that it can be seen that the NTP of this clove farming is 436%, which when NTP > 100 means that it indicates a surplus or an increase in welfare*

**Keywords:** Profitability, Welfare Level, Clove Farmin

---

### **How to Cite:**

Yanti, A., & Bakri, A. (2023). Examining the economic viability of clove farming and its impact on the welfare of farmers in Larompong Sub-District. *Al-Kharaj: Journal of Islamic Economic and Business*, 5(2). doi:<https://doi.org/10.24256/kharaj.v5i2.3755>

## **INTRODUCTION**

Indonesia is a country that has abundant natural wealth and great potential in several ways that can be developed, one of which is from the agricultural sector such as the plantation sub-sector, the plantation sub-sector which has various types of plants that can be developed and can be one of the contributors to the level of welfare for the community, Welfare is marked with high human qualities and power competitiveness, the structure of the economy is dominated by the secondary and tertiary sectors based on competitive advantage, and favorable socio-political conditions more democratic and advanced culture. Well-being is marked by the achievement of efforts to increase revenue the higher and more equitable per capita, more economic growth quality, lower poverty rate, and transformation of an economy that is increasingly positioning the industrial sector (Perda, 2021)

Welfare can be experienced by farming actors if the level of profitability or profit level has increased where profitability is obtained from the high or low level of production produced

(Patel, 2019: 9-25). The welfare of clove farmers, especially in Luwu Regency, a district that consists of several sub-districts, one of which is Larompong District, the agricultural sector in Luwu Regency's GRDP has increased accompanied by a contribution that tends to increase indicating that this sector is agriculture in this area is still the primary sector that helps in growth regional economy and improves people's welfare (Perda, 2019).

So far, researchers have not found research on the profitability of clove farming on community welfare, specifically in Larompong District. Still, researchers have only found research on the transaction system of clove farmers from an analysis of Islamic law and the use of clove leaves processed into clove oil. So, from this description, researchers felt that it was necessary to conduct a study entitled Clove Farming Profitability on the Welfare of Clove Farmers in Larompong District to complement previous research that had not examined the profitability of clove farming on welfare in the Larompong District area.

The welfare of the various clove farming communities is influenced by the level of profitability of the farming carried out. The profitability of clove farming varies in each region, both due to the seeds used, and maintenance until the post-harvest period, which will have an impact on production results (Hasyim, 2022: 62-63); in some areas, clove farming is a business that can help the community's economy..

## METHODS

Clove farming is farming that is mostly carried out by the people of Larompong District, clove farming is also able to provide increased welfare for farming actors; based on observations and interviews, researchers found that clove farming is mostly carried out by the community because this clove provides many benefits, in which every part of this clove can be used besides that because the maintenance of this clove plant is somewhat easier when compared to short-term plants.

This type of research used is quantitative research. Quantitative research is research that is more detailed, statistical, and special, whereas quantitative research it cannot be separated from theories that are considered relevant, quantitative research produces data that cannot be separated from testing existing theories so this type of research will later produce a result research that can be strengthened by theories that are considered relevant or that already exist. Quantitative research is generally a study that aims to find knowledge by using data in the form of numbers to analyze information about what is desired.

The data used in this study are primary data (data collected directly) and secondary data (pre-existing data), in which the informants of this study are clove farming communities in Larompong district and only take 30 respondents who are randomly selected (random sampling) of course from the Larompong District area, as for the 30 respondents as shown in the table below:

NO.	NAMA	NO.	NAMA
1	Sukerno	16	Andi Baso Anwar
2	Sahude	17	Harkia
3	Andi Jumiati	18	Mardin Nurdin
4	Andi Besse	19	Darmawi
5	Mujahidin	20	Andi Yusmira
6	Siswanto Sadi	21	Jokoriwanto

7	Masjaya	22	Suparman
8	Muliana	23	Mukminin
9	Jufri M	24	Satria
10	Sugiman	25	Amrul Awal
11	Ardansyah	26	Andi Ayyub
12	Haderawati	27	Arifin
13	Duriadi	28	Sudesing
14	Imran s.	29	Hasanuddin
15	Harisa	30	Suriadi

The data collection used by the researcher is:

1. Observation

Observation referred to as observation is when the researcher makes a visit and observes what is the object of his research which from the visit is able to produce the data or information needed in accordance with what is the purpose of the research.

2. Interview

The interview is a question-and-answer process that is carried out both between the researcher and the respondent to obtain information according to what is needed and related to the research title. As for the respondents in this study, namely clove farming actors in the sub-district of Larompong, Kab. Luwu.

3. Documentation

Documentation is a method that is used to collect data, both in the form of writing and pictures, and even videos, which will make it easier to process data.

As for analyzing the data using analysis as follows:

1. Income Analysis The formulation is as follows (Soekartawi, 2006)
  - a. To find out the total cost of clove farming, you can use the following formula:

$$TC = FC + VC$$

Explanation:

TC = Total cost

FC = Fixed Costs like depreciation and taxes

VC = Variable costs such as the use of seeds, medicines or pesticides, the use of fertilizers to the wages of labor

- b. In order to get the amount of clove farming revenue, you can use the formula as below:

$$TR = Y \cdot P_y$$

Where:

TR = Total Revenue

Y = Production

$P_y$  = Price

- c. In order to know the results of clove farming income, the following formula can be used:

$$Pd = TR - TC$$

Where:

Pd = Farming Income

TR = Total Revenue

TC = all costs incurred

## 2. Profitability Analysis

To find the value of the profitability of farming carried out by farmers can use NPM analysis or Net Profit Margin with the following formula:

$$\frac{\text{Net profit(Profit)}}{\text{Sale}} \times 100\%$$

And for the profit itself can be found by means of the difference between the value of production and the total cost of production will produce a value of profit.

and if the NPM or net profit margin > 5% can be interpreted as farmers from their farming activities are able to provide benefits for them.

and if the value of the NPM or net profit margin is <5% then it can be interpreted as farming which is not profitable. (Soekartawi, 2016).

## 3. Farmer Welfare

So to find out the level of farmer welfare, it can be analyzed with FTT analysis or farmer exchange rates, while the formula is as follows:

$$NTP = \frac{TR}{TC} 100\% / NTP = \frac{Px \cdot Qx}{Py \cdot Qy}$$

Where:

NTP = Farmers Exchange Value

TR = total income

TC = total cost

Px = Price of commodities produced by farmers

Qx = Amount of commodities produced by farmers

Py = Commodity price paid by farmers

Qy = Amount of commodities paid by farmers

The results of sales from clove farming by farmers can be called the price index, while all kinds of expenditure, whether from production expenses or even to household expenses, can be called the price index paid by farmers.

- a. When the NTP value is > 100 (above 100) this indicates that the farming actors are experiencing a surplus. In other words, the production price obtained is greater than the value of the consumer price. In the sense that in a state of surplus, farmers experience an increase in the level of welfare.
- b. And if the NTP = 100 (equal to 100) in this situation it means that the farmer is in the break-even phase or the results of his production are not in a state where his production is able to provide an increase in his welfare.
- c. And if NTP < 100 (value less than 100) this indicates that the farmers are in deficit. The prices of the goods they produce tend to be lower or the income received by farmers is relatively low when compared to the prices they get from the sales they get. (Soekartawi, 2006).

## RESULT AND DISCUSSIONS

Income tables		
Income		
Description	relationship	Mark
Total Fixed Costs	1. Shrinkage	185.383
	2. Taxes	38.367
Amount		223.750
Total Variable Cost	1. Seeds	158.000
	2. Fertilizer	724.500
	3. pesticides	111.933
Amount		994.433
Reception	1. production	444.000
	2. price(kg)	100.000
Amount		44,400.000
Total Cost of Production		1,218.183
Income	TR-TC	43,181.817

From these data, it can be seen that the amount of fixed costs used by farmers in carrying out clove farming activities is an average of Rp. an average of Rp.994,433 which consists of the cost of seeds, fertilizers, pesticides and as for the proceeds of the revenue earned Rp.44,400.000 for the income earned by farmers after 2018-2019 of Rp. 43,181,817 (Forty Three Million One Hundred Eighty One Thousand eight Hundred Seventeen Rupiah).

High or low income will certainly have an impact on the level of community welfare, whereas to find out the level of income, an appropriate analysis is needed so that it can achieve the results you want to know. In the table above, to find out the amount of income, you need to know the average total each cost incurred which costs consist of fixed costs which include tax and depreciation costs and there are variable costs consisting of fertilizers, seeds, pesticides after knowing the amount of the total costs by adding up fixed costs and variable costs so as to produce costs total, and for the recipient himself after the value is known then only after that the value of the revenue itself can be known.

Profitability tables		
No.	Description	Mark
1	Profit (Net Profit)	43,180.483
2	Sale	44,400.000
NPM		97%

Farmer Exchange Value Table

o	N	
	Description	Mark
1	Farming Acceptance	44,400.000
2	Household Production	9,583.333
NTP = TR/TC(%)		463%

The existing data shows that the resulting NTP is 463% which is in accordance with existing information that when the existing NTP is greater than 100% then the hale experiences a surplus or in other words the resulting farming is able to increase the welfare of farmers.

The farming activities carried out by the community in this study had a positive impact on the level of income obtained by the community, which from the results of this income was also able to provide increased welfare, the level of profitability resulting from farming activities carried out by the people of Larompong District provided an increase in accordance with the results of the research. there is that in 2018 it is lower when compared to 2019 which tends to experience an increase in the welfare rate in 2018 it is only at 5,232 while for 2019 it is at a slightly higher number, namely 5,454 (BPS, 2019) from this research the resulting profitability also helps increasing welfare for farming actors.

Based on the research process, both from observation, interviews to documentation, it can be understood that farming activities carried out by the people of Larompong District, especially in 2018-2019, experienced an increase in welfare after going through NTP (Farmers Exchange Rate) analysis of the data, it was found that the welfare experienced The people of Larompong District have indeed experienced an increase.

The welfare experienced by the community in carrying out the farming process is of course influenced by the results of income where the results of the income itself are influenced by the use of seeds and the use of pesticides and good care, not only that but the land factor also influences the level of income, suitable land too make cloves more fertile and have a great opportunity to generate high income and the use of pesticides in farming also has an impact on clove plants to support the success of clove plants.

In previous research, more emphasis was placed on the level of income and opportunities for income caused by market conditions, market conditions greatly determine the level of income earned by farmers, while in this study it is not only limited to the level of income but also examines the level of welfare.

In conducting farming so that it is able to provide a high enough opportunity to get high yields, it is hoped that the supply of fertilizer will be made easier and the price of fertilizer affordable so that farmers are able to take optimal care of clove plants.

## CONCLUSION

Based on research with the title Analysis of Clove Farming Profitability and Welfare Levels of Clove Farmers in Larompong District, it can be concluded that the level of welfare obtained by the community turns out to be influenced by the high and low results of profitability or the level of profit obtained from farming activities carried out which of the profit or profitability levels can be obtained if the fertilizer needs are met and the land is suitable (plateau) because the land and plant nutrient needs play an important role in increasing the results of farming, increasing the results obtained from farming can increase the income earned by the community to meet the needs to achieve a level of well-being.

The level of community welfare in this study experienced quite high numbers due to the high income earned and the minimal expenditure incurred in terms of land management, the land management referred to here is that in the process of cultivating community land, they still often use a cooperative system so that there is no expenditure to pay for labor. again not only in land management, but up to the harvesting stage the costs incurred are also minimal because the children and wives of the clove farmers participate in this, children who are not even yet of working age are even able to help with clove harvesting.

This research includes only conducting research for a short time, namely 2018-2019 so that it is hoped that future researchers will take research for a long time so that comparisons between each year will be more obvious.

## REFERENCES

- Boediono, Introduction to Economics, (Jakarta: Erlangga, 2002), p. 150.
- Cialdella, N., Jacobson, M., & Penot, E. (2023). Economics of agroforestry: links between nature and society. *Agroforestry Systems*, 97(3), 273-277.
- Central Statistics Agency, "People's Well-Being Indicator 2020," *Catalog* 4102004.64 (2020): 37–39.
- Cantillon, M., O'Brien, D., Hennessy, T., Amon, B., & Dragoni, F. Mitigation of Gaseous Emissions from Livestock Systems: A Farm-Level Method to Examine the Financial Implications. Available at SSRN 4516466.
- Elysa, W., Fahmi, A., Evalina, Z., & Myna, A. (2020, April). The effect of morphology of post-tsunami coastal physiography on sustainability system of relocation settlement. Case study: Gampong Saney, Lhoong sub-district, Aceh Besar regency. In IOP Conference Series: Earth and Environmental Science (Vol. 452, No. 1, p. 012117). IOP Publishing.
- HASANNUDIN, D. A. L., NURROCHMAT, D. R., & EKAYANI, M. (2022). Agroforestry management systems through landscape-life scape integration: A case study in Gowa, Indonesia. *Biodiversitas Journal of Biological Diversity*, 23(4).
- Ikram ul Haq, M., Maqbool, M. M., Ali, A., Farooq, S., Khan, S., Saddiq, M. S., ... & Tanveer, M. (2020). Optimizing planting geometry for barley-Egyptian clover intercropping system in semi-arid sub-tropical climate. *Plos One*, 15(5), e0233171.
- Marco Antonio Albornoz et al., *Towards Prosperity in Forest Communities*, 2007.
- Muhammad Hasyim, "Analysis of Clove Farming Income in Sobu Village, Munjungan District, Trenggalek Regency," n.d., 62–63.
- Mariel, J., Carrière, S. M., Penot, E., Danthu, P., Rafidison, V., & Labeyrie, V. (2021). Exploring farmers' agrobiodiversity management practices and knowledge in clove agroforests of Madagascar. *People and Nature*, 3(4), 914-928.
- Patel. "Analysis of Factors Influencing Clove Farming Production in West Kuwus District, West Manggarai Regency," no. 1 (2019): 9–25.
- "Regulation-Number-3-Year-2021-Concerning-Changes-Rpjmd-Regency-Luwu-Year-2019-2024\_compressed.Pdf," n.d.
- Pratama, A. P., Darwanto, D. H., & Masyhuri, M. (2020). The Impact of Government Policies on The Competitiveness Of Clove Commodity In Tolitoli Regency: Multi Period PAM Approach. *Agro Ekonomi*, 31(1), 61-75.

- Tridakusumah, A. C., Yusuf, A., & Pardian, P. (2023, July). The role of social networks in the development of rural community-based eco-industry. In IOP Conference Series: Earth and Environmental Science (Vol. 1211, No. 1, p. 012003). IOP Publishing.
- "Perda Number 8 of 2019 Concerning RPJMD of Luwu Regency Year 2019-2024.Pdf," 2019.
- Integration Section of Statistical Processing and Dissemination, ed., *Larompong District in Figures 2019* (Central Bureau of Statistics for Luwu Regency BPS - statistics luwu regency, 2019).
- Soekartawi. "Farming Business Analysis" 2006 .
- Suroto. "Employment Opportunity Planning and Development Strategy" (2000).