

ANALYSIS OF ORNAMENTAL PLANT BUSINESS INCOME (CASE STUDY OF HOUSEHOLD BUSINESS DANSHA *FLORIST* KEC. PACET, CIANJUR)

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Abstract

Dansha *Florist* is a household-scale industry that produces a variety of ornamental plants, namely ornamental leaf plants, and flower ornamental plants in Cianjur. However, the demand and production of Dansha *florist* ornamental plants still fluctuate every month and the average ornamental plant production has not been able to meet consumer demand. Fluctuations in the price of ornamental plants affect the revenue of Dansha Florist's household business. Dansha *Florist* has not done periodic bookkeeping and evaluation, so the benefits obtained are not visible as a whole. The purpose of this study is to analyze the costs incurred by the ornamental plant business in Dansha *Florist*, analyze the income of the Dansha *Florist* ornamental plant business, analyze the level of *R/C Ratio*, *B/C Ratio*, *Payback Period* (PP), and *Break Event Point* (BEP).

The results of this study are costs are incurred in the form of fixed costs such as UN costs, labor costs, and depreciation costs. Operating revenue in 2019 amounted to Rp. 349,199,698,-. The results of the calculation of the analysis of the R/C ratio, B/C ratio, *Break Event Point* (BEP), and *Payback Period* (PP): a. The value of R/C ratio is 1.58 and the R/C ratio of the flower ornamental plant business is 1.06. So the condition of the ornamental plant business on Dansha *Florist* is feasible to run. b. The value of the B/C business ratio of leaf ornamental plants is 0.58 and the B/C ratio to the total cost obtained by the leaf ornamental plant business is 0.06. Then the business is profitable to run. The results of the BEP calculation of the leaf ornamental plant business obtained a volume BEP value of 35,499 pots and the BEP price of Rp. 6,311 per pot. As well as the results of the BEP calculation of the flower ornamental plant business obtained a volume BEP value of 92,280 pots and a BEP price of Rp. 23,554 per pot. The payback value of *the* leaf plant business period is 1.47 which shows a return on capital for 1 year and 5 months. The *payback period* of the flower plant business is 2.15 which shows for 2 years and 1 month.

Keywords: Cost, Income, Business Feasibility, Ornamental Plants.

INTRODUCTION

In 2019 Cianjur Regency is one of the centers of ornamental plant production (BPS, 2020: 28). The development of ornamental plant production in Cianjur continues to increase by 11% per year. Ornamental plant production in Cianjur Regency contributes 45% compared to other regencies in West Java. Currently, Pacet

District, Cianjur Regency, still emphasizes people's agriculture. This is because the number of ornamental plant business households dominates more, namely 83 annual ornamental plant business households and 1,006 annual ornamental plant business households. Dansha *Florist* has been established in 2015 and has a productive land area of 1,900 m². The types of ornamental plants cultivated are around 50 types of ornamental plants with several criteria, namely flower ornamental plants and leaf ornamental plants. Dansha *Florist consumers* are producers of ornamental plants in urban areas such as Jakarta, Tangerang, Depok, Cianjur City, and Palembang. The selling price of the resulting ornamental plant products ranges from Rp. 10,000 to Rp. 25,000 per pot.

Ornamental crop production at Dansha *Florist* fluctuates every month. The average production of ornamental plants has not been able to meet consumer demand because the demand for ornamental plants cannot be estimated and the skills of farmers who do not master ornamental plant cultivation techniques, especially flower ornamental plants, which have a greater production risk than leaf ornamental plants. The occurrence of price fluctuations can have an effect on the income earned by Dansha *Florist*. One of the efforts to overcome consumer demand is to work with flower ornamental plant farmers around Dansha *Florist*. Dansha *Florist* is responsible for assisting farmers in the sale of produce. This cooperation system frees farmers in production, and farmers can meet the quantity and quality of ornamental crops according to demand and predetermined prices.

Income for the business world is very important to continue the business that is run, especially for the household industry, which aims to help manage agricultural businesses, knowing that the business being run is still profitable or vice versa. However, Dansha *Florist* has not conducted periodic bookkeeping and evaluation due to limitations in managing management which caused demand and production to fluctuate, affecting the costs and income of Dansha *Florist's* farming business. This results in the profits being not seen in their entirety. In business development, income is very important for the benchmark of success of a business so good financial management is needed.

Based on the background, the formulation of the problem is (1) How Much Is Dansha Florist's Investment and Depreciation? (2) What costs are incurred in the ornamental plant business in Dansha *Florist*? (3) How much income is earned in the ornamental plant business in Dansha *Florist*? and (4) What is the level of *R/C Ratio*, *B/C Ratio*, *Payback Period* (PP), and *Break Event Point* (BEP) in the ornamental plant business in Dansha *Florist*?

RESEARCH METHODOLOGY

Research Location and Time

This research was carried out at Dansha *Florist* jalan Kp. Cibadak, RT 1 RW 1, Sukanagih Village, Pacet district, Cianjur Regency, West Java. This research will be carried out in March - July 2020.

Data Types and Sources

The type of data used in this study is to use qualitative data carried out with descriptive analysis which includes ornamental plant business activities in Dansha

Florist. Primary data were obtained through interview results and secondary data were conducted through literacy studies.

Data Analysis

Investment and Depreciation

One of the methods of calculating the depreciation value as well as the method used in this study is the straight-line method. The depreciation formula is as follows:

$$\text{Depreciation} = \frac{\text{Purchase Value} - \text{Residual Value}}{\text{Economical Lifespan}} \dots (1)$$

Business Fee Structure

The calculation of costs is carried out in 1 year, the costs are formulated as follows :

$$\text{TBTH}_i = \text{BTTH}_i + \text{BVTH}_i \dots\dots (2)$$

Information:

- TBTH = Total cost of Dansha Florist
- BTTH = Fixed costs of Dansha Florist
- BVTH = Variable costs of Dansha Florist
- i = Types and Ornamental Plants

Operating Income

Ornamental plant business income is receipts minus total costs in one period of ornamental plant business. The formula is as follows :

$$\text{PdTH}_i = \text{PTH}_i - \text{TBTH}_i \dots\dots (3)$$

Description :

- PdTH = Dansha *Florist* Ornamental Plant Business Income,
- PTH = Reception of Ornamental Plants Dansha *Florist*,
- TBTH = Total Business Cost of Dansha *Florist* Ornamental Plants,
- i = Types of Ornamental Plants

R/C Ratio Analysis

The R/C ratio formula is as follows:

$$\text{R/C DF} = \frac{\text{PTH}}{\text{TBTH}} \dots\dots (4)$$

Information:

- R/C DF = Ratio of Receipts to Dansha *Florist* Fees
- PTH = Dansha *Florist* Ornamental Plant Reception
- TBTH = Total Business Cost of Dansha *Florist*

If the R/C value > 1, then the business is feasible to run, the R/C < 1, then the business is unprofitable and unfit R/C = 1, then the business carried out is in a break-even condition.

Analysis Break Event Point (BEP)

There are two types of BEP, namely BEP volume and BEP price referring to Matheus (2019:88). The BEP formula is as follows:

$$\text{BEP v DF} = \frac{\text{TBTH}}{\text{HJTH}} \dots\dots (5)$$

$$\text{BEP h DF} = \frac{\text{TBTH}}{\text{TPTH}} \dots\dots\dots (6)$$

Information:

BEP v DF = Break Event Point Volume

TBTH = Total Cost of Dansha *Florist*

HJTH = Selling Price of Dansha *Florist*

BEPH h DF = Break Event Point Price Dansha *Florist*

TBTH = Total Cost of Dansha *Florist*

TPTH = Total Ornamental Plant Production Dansha *Florist*

Payback Period (PP) Analysis

Referring to Suliyanto (2010: 195) The payback period formula is as follows:

$$\text{PP} = \frac{\text{Investment Value}}{\text{PdTH}} \times 1 \text{ Year}$$

RESULTS AND DISCUSSION

Investment And Depreciation Of Dansha Florist's Business

The investment costs incurred by Dansha Florist are as low as Rp. 304,406,000. The biggest investment is the cost of a car of Rp. 120,000,000 and Rp. 130,000,000. The car is used to distribute houseplants to consumers and to take houseplants from farmers. The total depreciation claimed by Dansha Florist amounted to Rp. 36,649,802.

Dansha Florist Ornamental Plant Business Fee Structure

The costs incurred by Dansha *Florist* include fixed costs and variable costs, indicating that the total fixed costs that Dansha *Florist* must incur in 2019 are Rp. 225,249,802,-. The biggest fixed cost that Dansha *Florist* must spend is a fixed labor cost of Rp. 198,000,000, -. The variable costs incurred by Dansha *Florist* in 2019 were Rp. 2,436,735,500,-. The biggest variable cost that Dansha *Florist* must spend is the cost of purchasing ornamental plants of Rp.2,307,000,000. The cost to be incurred by Dansha *Florist* in 2019 amounted to Rp. 2,661,985,302,-.

Farm Income

Total ornamental plant production in Dansha *Florist* in 2019 was 154,198 pots. The largest amount of production is the production of ornamental flower plants as much as 97,947 pots because at the end of the year and major holidays such as Eid al-Fitr and Christmas the demand for ornamental flower plants has increased greatly compared to the demand for ornamental leaf plants. the total receipts from the sale of ornamental leaf plants and flower ornamental plants at Dansha *Florist* in 2019 amounted to Rp. 3,011,185,000, -. The largest revenue obtained from the sale of flower ornamental plants amounting to Rp. 2,448,675,000, - due to the purchase price of ornamental plants or higher raw material prices, which affects the high selling price and the demand for flower ornamental plants every month are higher than leaf ornamental plants. Admission to Dansha *Florist* in 2019 was Rp. 3.011.185.000,-.

Business Feasibility

According to the costs incurred by Dansha *Florist*, the R/C value of the ratio to the total cost of leaf ornamental plants obtained was 1.58. This shows that with the

R/C value of the leaf ornamental plant ratio of 1.58 means that for every Rp. 100,000, - costs incurred, then Dansha *Florist* has given an acceptance of Rp. 158,000,-.

The R/C value of the Flower Ornamental Plant Ratio is 1.06. This shows that the R/C value of the flower ornamental plant ratio of 1.06 means that for every Rp. 100,000, - costs incurred, then Dansha *Florist* has given an acceptance of Rp. 106,000,-. Then the conditions of the ornamental plant business on Dansha *Florist* are feasible to run.

Operating income and costs incurred by Dansha *Florist*, the B/C ratio to the total cost of leaf ornamental plants obtained was 0.58. This shows that a B/C ratio of 0.58 means that for every Rp. 100,000, - costs incurred, it means that Dansha *Florist* has obtained revenue of Rp. 58,000,-. The B/C ratio to the total cost of leaf ornamental plants obtained was 0.06. This shows that a B/C ratio of 0.06 means that for every Rp. 100,000, - costs incurred, it means that Dansha *Florist* has earned an income of Rp. 6,000,-. So the conditions of the ornamental plant business on Dansha *Florist* are profitable to run.

Analysis value BEP volume of leaf ornamental plants on Dansha *Florist* of 35,449 pots means that the Dansha *Florist* leaf ornamental plant business with a selling price of Rp. 10,000, - did not experience any profit or loss when the production volume reached 35,449 pots. The production volume of leaf ornamental plants in 2019 was 56,251 pots, which is greater than the BEP calculation of the volume of 35,449 pots. This shows that the Dansha leaf ornamental plant business *Florist* in 2019 provides a considerable profit when viewed from the difference in the volume of leaf ornamental plant production with the calculation of BEP volume, which is 20 pots. Analysis of the BEP value of the flower ornamental plant business volume on Dansha *Florist* of 92,280 pots means that the Dansha *Florist* flower ornamental plant business with a selling price of Rp. 25,000, - does not experience any profit or loss when the production volume reaches 92,280 pots. The production volume of ornamental flower plants in 2019 was 97,947 pots, which means that it is greater than the results of the BEP volume calculation. This shows that the Dansha *Florist* flower ornamental plant business in 2019 provides an advantage as seen from the difference in the volume of flower ornamental plant production with the calculation of BEP volume, which is 5,667 pots.

The *payback period* of ornamental leaf plants was 1.47 was obtained from the comparison between the investment value of Rp. 304,406,000, - with an income of Rp. 349,199,698, - multiplied by the life of the investment for 1 year. The *payback period* shows that Dansha *Florist's* ornamental plant business will experience a return on capital for 1 year and 5 months. *Payback Period* of ornamental flower plants of 2.15 was obtained from the comparison between the investment value of Rp. 304,406,000,- with an income of Rp. 141,675,000, - multiplied by the investment life for 1 year. The *Payback Period* shows that Dansha *Florist's* ornamental plant business will experience a return on capital for 2 years and 1 month.

CONCLUSIONS AND SUGGESTIONS

The conclusion obtained is that the costs incurred by Dansha *Florist* in running the ornamental plant business in 2019 include fixed costs, and variable costs. The fixed costs incurred consist of the cost of land and building taxes, fixed labor costs and depreciation costs. The operating income at Dansha *Florist* in 2019 amounted to Rp.

349,199,698,- which came from the sale of leaf ornamental plants and flower ornamental plants. The R/C ratio to the total cost obtained by the leaf ornamental plant business is 1.58 and the R/C ratio to the total cost obtained by the flower ornamental plant business is 1.06. Then the conditions of the ornamental plant business on Dansha *Florist* are feasible to run. The B/C ratio to the total cost obtained by the leaf ornamental plant business is 0.58 and the B/C ratio to the total cost obtained by the flower ornamental plant business is 0.06. So the conditions of the ornamental plant business on Dansha *Florist* are profitable to run. The results of the BEP calculation of the leaf ornamental plant business obtained a volume BEP value of 35,449 pots and a BEP price of Rp. 6,311 per pot. As well as the results of the BEP calculation of the flower ornamental plant business obtained a volume BEP value of 92,280 pots and a BEP price of Rp. 23,554 per pot. The *Payback Period* value of the leaf plant business is 1.47 which shows that the Dansha *Florist* ornamental plant business will experience a return on capital for 1 month. The *Payback Period* value of the flower plant business is 2.15 which shows that the Dansha *Florist* ornamental plant business will experience a return on capital for 2 years and 1 month.

Based on the conclusions above, the suggestions that can be given by the author are as follows (1) Producing several flower ornamentals plants themselves to reduce costs so that they can compete with similar companies. (2) Maintain the stability of production and product quality to maintain the company's revenue level. (3) Analysis of the income level of ornamental plant farming by using the analysis of R/C ratio, B/C ratio, BEP, and PP are worth cultivating so that it needs to be maintained and developed an ornamental plant business.

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