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An Analysis of Cost Determination and Pricing Strategy For Besuki Na-Oogst (Bes-No) Tobacco in Jember Regency

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ABSTRACT: Tobacco is one of the leading commodities that has earned Jember Regency the nickname "Tobacco City." One of its superior products is Besuki Na-Oogst (BES-NO) tobacco, an export commodity distributed to various countries. However, the economic benefits received by farmers remain limited due to price manipulation practices by warehouses. This issue has encouraged the Government of East Java Province to draft a Regional Regulation (RAPERDA) to protect tobacco farmers and commodities. This study aims to analyze cost determination and pricing strategies applied by tobacco farmers, from cultivation to selling processes, as well as the mechanisms used in determining market prices. The research employs a qualitative approach using primary data collected through interviews, observations, and documentation. The findings are expected to help farmers manage production costs effectively, improve tobacco quality, and achieve better profit margins, thereby supporting the sustainability of Besuki Na-Oogst tobacco cultivation in Jember Regency.

Keywords: Cost Determination, Pricing Strategy, Tobacco Quality.

I. INTRODUCTION

Jember Regency, located in the eastern part of East Java, is widely recognized as a major tobacco-producing region. According to Lembaga Tembakau Jember (2021), Jember tobacco is well known in both domestic and international markets and has been exported to several countries, including Germany, Italy, the Netherlands, and the United States. One of the leading tobacco varieties produced in Jember is Besuki Na-Oogst (BES-NO), which is primarily used as raw material for cigars. The high international demand for BES-NO tobacco has contributed to its high export value. Furthermore, BES-NO tobacco is considered a distinctive commodity because it can only be cultivated in Jember Regency, where the harvested area and production levels remain relatively large.

Tabel / Table 5.2.10 Luas Panen Rata-rata Produksi dan Total Produksi Tembakau Na Oogst Tradisional Menurut Kecamatan di Kabupaten Jember 2022
Harvested Area Average Production and Total Production of Conventional Na Oogst Tobacco by Subdistrict in Jember Regency 2022

Kecamatan *Subdistrict*	Luas Panen *Area Harvesting (Ha)*	Produktifitas *Productivity (kw/Ha)*	Produksi *Production (kw)*
(1)	(2)	(3)	(4)
Kencong	-	-	-
Gumukmas	-	-	-
Puger	567	1 570	890
Wuluhan	-	-	-
Ambulu	-	-	-
Tempurejo	-	-	-
Silo	-	-	-
Mayang	-	-	-
Mumbulsari	-	-	-
Jenggawah	223	1 168	260
Ajung	3	1 500	5
Rambipuji	19	1 500	29
Balung	379	1 564	593
Umbulsari	45	1 311	59
Semboro	-	-	-
Jombang	-	-	-
Sumberbaru	-	-	-
Tanggul	-	-	-
Bangsalsari	-	-	-
Panti	-	-	-
Sukorambi	-	-	-
Arjasa	-	-	-
Pakusari	-	-	-
Kalisat	-	-	-
Ledokombo	-	-	-
Sumberjambe	-	-	-
Sukowono	-	-	-
Jelbuk	-	-	-
Kaliwates	-	-	-
Sumbersari	-	-	-
Patrang	-	-	-
Kabupaten Jember	1 236	1 485	1 835

Sumber/*Source* : Dinas Tanaman Pangan Hortikultura dan Perkebunan Kabupaten Jember/*Departement of Crops Horticulture and Plantation Service Regency of Jember*

https://jemberkab.bps.go.id

Picture 1. Average Harvest Area of Tobacco NO

Based on available data, BES-NO tobacco cultivation in Jember Regency covers a significant harvested area, resulting in substantial production output. The high export demand for BES-NO tobacco provides economic opportunities for tobacco farmers and contributes to improving their welfare. However, the benefits received by farmers are strongly influenced by the pricing system implemented by warehouses that purchase tobacco leaves from farmers. The determination of tobacco purchase prices becomes an important indicator of farmers' income and profitability, while warehouses generally establish their own pricing standards based on the quality and feasibility of the tobacco leaves supplied by farmers.

The pricing mechanism is closely related to the value-added process occurring throughout the tobacco supply chain. Farmers incur various production costs from planting to harvesting, which subsequently influence the selling price determined by farmers. In this context, pricing strategy becomes essential because farmers must calculate production costs and determine the expected profit margin before deciding the selling price of tobacco leaves. One pricing approach relevant to tobacco farmers is cost-plus pricing, in which all production costs are calculated and combined with the desired profit margin. Meanwhile, the appropriate cost determination method for farmers is full costing, as it includes all production-related costs incurred during tobacco cultivation.

On the other hand, warehouses also incur substantial costs in processing tobacco leaves into products such as cigar raw materials, cigarettes, pipe tobacco, self-rolling tobacco, and chewing tobacco. This downstream process creates additional value that affects the purchase price offered to farmers. Warehouses generally assess tobacco quality based on several factors, including leaf quality and harvesting standards. Consequently, the selling price received by farmers largely depends on the quality of the tobacco produced and the purchasing criteria established by warehouses.

The absence of standardized pricing benchmarks often places farmers in a disadvantaged bargaining position. Farmers expect profits from tobacco sales because value-added activities also occur during cultivation and harvesting. However, several challenges continue to affect tobacco farmers, including fertilizer shortages and declining tobacco prices during harvest seasons in East Java. These conditions encouraged the Government of East Java Province to draft a Regional Regulation (RAPERDA) concerning the protection and development of tobacco commodities and farmers. The regulation is expected to strengthen farmers' bargaining power and create a fairer value chain within the tobacco industry. In addition, farmers are supported by the Indonesian Tobacco Farmers Association (APTI), which provides assistance in marketing and counselling related to proper tobacco cultivation practices.

Based on these issues, this study aims to analyse the process of cost determination by tobacco farmers and the mechanism of tobacco price formation in the market. This study also seeks to identify the factors considered by warehouses in determining tobacco purchase prices. Ultimately, the findings are expected to provide strategies for farmers

to improve tobacco quality while minimizing production costs, thereby increasing profitability and supporting farmers' welfare.

Previous studies on tobacco businesses have predominantly used quantitative approaches focusing on quality, marketing channels, transaction costs, and sales volume. Safitri et al. (2022) found significant differences in transaction costs between farmers who sold directly to warehouses and those who sold through intermediaries. Farmers selling through traders incurred higher transaction costs compared to those partnering directly with warehouses. Meanwhile, Suselo & Rohmah (2021) revealed that production, operational, marketing, and promotional costs significantly affected net profit, both partially and simultaneously. Furthermore, Ali et al. (2025) demonstrated the existence of global tobacco price elasticity, indicating differences in cigarette consumption trends across regions.

Unlike previous studies, this research employs a qualitative approach to obtain more comprehensive and in-depth information directly from relevant informants. Through this approach, the study is expected to provide broader insights into production cost determination, cost minimization strategies, and tobacco pricing mechanisms within the tobacco business sector. Therefore, this study focuses on three main research questions: (1) how farmers calculate production costs in tobacco cultivation, (2) how farmers minimize costs while improving tobacco quality, and (3) how tobacco selling prices are determined in the market.

II. RESEARCH METHODS

This study employs a qualitative research method because the research requires comprehensive and in-depth data to explain the phenomena occurring within the tobacco industry. Qualitative research is used to understand phenomena experienced by research subjects in depth. This method aims to obtain a deeper understanding of how individuals or groups interpret and experience particular social phenomena. In qualitative research, emphasis is placed on understanding, interpreting, and comprehensively describing experiences, including how individuals' perspectives and social contexts contribute to those experiences (Moleong, 2007).

This research adopts a phenomenological approach. Phenomenological research is a type of qualitative research that focuses on observing and understanding individuals' experiences and interpretations of specific phenomena. The purpose of phenomenological research is to interpret and explain human experiences in everyday life, including interactions with other individuals and the surrounding environment (Eko, 2015). In this context, phenomena are understood as experiences that emerge within human consciousness and are interpreted based on the meanings constructed by individuals. Therefore, phenomenological research emphasizes the exploration, interpretation, and description of meanings derived from events and experiences occurring in particular situations. This study is categorized as pure qualitative research because it seeks to understand and describe the intrinsic characteristics of phenomena experienced by individuals (Eko, 2015).

In qualitative research, research subjects are referred to as informants because they provide information relevant to the research objectives. The informants involved in this study consist of BES-NO tobacco farmers represented by Mr. Warno as the head of the tobacco farmers association, additional tobacco farmers, and warehouse representatives responsible for purchasing BES-NO tobacco leaves from farmers.

The object of this research is Besuki Na-Oogst (BES-NO) tobacco products. The study focuses on the processes of production cost determination and pricing mechanisms applied within the tobacco business chain, particularly among farmers and warehouses.

Data analysis in this phenomenological study uses Phenomenological Data Analysis (PDA). Data analysis is conducted to organize and simplify research findings into structured information that is easier to understand (Setyowati, 2020). According to Miles et al. (1992), qualitative data analysis consists of three stages: data reduction, data presentation, and conclusion drawing. Data reduction refers to the process of selecting, simplifying, and transforming field data into information relevant to the research objectives. Data presentation involves organizing interview and observation findings into descriptive narratives to facilitate understanding of the research problems. The final stage, conclusion drawing, is conducted after the data have been presented, allowing researchers to formulate conclusions based on the findings obtained during the research process.

To ensure data validity, this study applies triangulation techniques in data collection. Triangulation is conducted through in-depth interviews, observations, and documentation to improve the credibility and reliability of the data obtained (Afifuddin & Beni Ahmad Saebani, 2012). The parties involved in this research include tobacco farmers and warehouse representatives. In addition, the validity of interview data is strengthened through supporting documentation, such as transaction records, purchasing documents, and other relevant evidence related to tobacco trading activities.

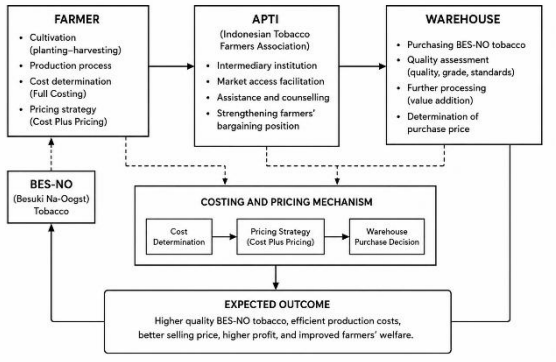
This study applies the concepts of full costing and cost-plus pricing to analyse production cost determination and pricing strategies among BES-NO tobacco farmers in Jember Regency. Full costing is a method that includes all production costs, such as direct material costs, labour costs, and overhead costs, in determining the total cost of production (Mulyadi,

2015). In tobacco farming, this method is relevant because farmers incur various costs from cultivation to harvesting processes.

In addition, this study uses the cost-plus pricing approach, which determines selling prices by adding a desired profit margin to total production costs. According to Kotler & Armstrong (2018), cost-based pricing is commonly used to ensure that production costs are covered while maintaining profitability. For tobacco farmers, this approach is important in estimating appropriate selling prices based on production costs and expected profits.

The pricing mechanism in the BES-NO tobacco business is not only influenced by production costs but also by bargaining positions between farmers and warehouses. Warehouses generally determine purchasing prices based on tobacco quality standards, while farmers often have limited bargaining power in price negotiations. In this context, the role of the Indonesian Tobacco Farmers Association (APTI) becomes important as an intermediary institution that assists farmers in accessing markets directly and strengthening their bargaining position in the tobacco supply chain.

Previous studies mostly focused on transaction costs, marketing channels, and sales volume using quantitative methods (Safitri et al., 2022;Suselo & Rohmah, 2021). However, limited studies have explored the pricing mechanism, bargaining position of farmers, and the relationship between farmers, warehouses, and APTI using a qualitative approach. Therefore, this study aims to provide deeper insights into how tobacco farmers determine production costs, formulate pricing strategies, and maintain profitability within the tobacco business chain while improving tobacco quality and farmers' welfare.



Picture 2. Research Scheme

III. RESULTS AND DISCUSSION

Determination of NO Tobacco Costs for Farmers

Cost determination is the initial stage carried out by farmers before starting the tobacco planting season. This process aims to assist farmers in preparing financial plans and estimating the capital required throughout one production cycle, from cultivation to harvesting and selling tobacco to warehouses. Proper cost determination is important because tobacco farming requires substantial capital and involves various operational activities during the production process.

In this process, the Indonesian Tobacco Farmers Association (APTI) plays a role in assisting farmers in analyzing tobacco farming businesses. APTI helps estimate the total production costs required from planting to harvesting activities. Although the calculations prepared by APTI provide useful guidance for farmers, several cost classifications are still inconsistent with actual field conditions. In addition, the calculations are still conducted manually, which may result in inaccuracies in determining total production costs.

NA OOGST					
Sarana Produksi					
No	Uraian	Volume		Harga	Jumlah
1	Bibit	20000	Batang	Rp60	Rp1.200.000
2	Insektisida Ulat	2	Botol	Rp152.500	Rp305.000
3	Insektisida Kutu	5	Botol	Rp75.000	Rp355.000
4	Fungisida Atopos + Galiandro	4	Botol	Rp225.000	Rp900.000
5	Fungisida Folicar	1	Botol	Rp135.000	Rp135.000
6	Pupuk KS	4	Sak	Rp450.000	Rp1.800.000
7	Pupuk ZA	4	Sak	Rp75.000	Rp300.000
8	Pupuk Urea	2	Sak	Rp250.000	Rp500.000
9	Pupuk Saprodap	4	Sak	Rp175.000	Rp700.000
10	Kayu Bakar	15	Kubik	Rp80.000	Rp1.200.000
11	Janggel	50	Sak	Rp8.000	Rp400.000
12	Bandang	10	Unit	Rp35.000	Rp350.000
13	Jerami	2	Truk	Rp750.000	Rp1.500.000
14	Sujen	1500	Kg	Rp2.000	Rp3.000.000
15	Welit Sulam	1000	Biji	Rp1.500	Rp1.500.000
16	Bambu	20	Batang	Rp20.000	Rp400.000
17	Kawat	20	Kg	Rp20.000	Rp400.000
18	Bensin Untuk Pompa Air	100	Ltr	Rp8.000	Rp800.000
	Total				Rp15.305.000

Picture 3. Farming Business Analysis NO Production Facilities

Tenaga Kerja					
No	Uraian	Volume		Harga	Jumlah
1	Sewa Lahan	1	Ha	Rp25.000.000	Rp25.000.000
2	Pengolahan Tanah			Rp1.650.000	Rp1.650.000
3	Juringan/Got	8	Lajur	Rp250.000	Rp2.000.000
4	Tampingan	10	Orang	Rp50.000	Rp500.000
5	Paler/Buat Tempat Tanam	18	Orang	Rp50.000	Rp900.000
6	Buat Sumur	6	Orang	Rp100.000	Rp600.000
7	Tanam dan Kocor	60	Orang	Rp40.000	Rp2.400.000
8	Penyiraman/Torapan	8x7	Orang	Rp40.000	Rp2.240.000
9	Penyulangan	6	Orang	Rp40.000	Rp240.000
10	Penyiangan	10x2	Orang	Rp40.000	Rp800.000
11	Garpu	20	Orang	Rp50.000	Rp1.000.000
12	Pemupukan	8x4	Orang	Rp40.000	Rp1.280.000
13	Danger/Bumbun	20x2	Orang	Rp50.000	Rp2.000.000
14	Penyemprotan	4x5	Orang	Rp50.000	Rp1.000.000
15	Benangi Gudang Pengeringan	10x2	Orang	Rp75.000	Rp1.500.000
16	Panen/Pemetikan	20x7	Orang	Rp40.000	Rp5.600.000
17	Pengangkutan	7	Orang	Rp150.000	Rp1.050.000
18	Sujenan	8x7	Orang	Rp40.000	Rp2.240.000
19	Pengaturan/Sigir/Ngantang	10x7	Orang	Rp50.000	Rp3.500.000
20	Pengasapan	4x21	Hari	Rp45.000	Rp3.780.000
21	Penurunan	4x7	Hari	Rp40.000	Rp1.120.000
22	Rompos,Sortasi,Nguntingi	6x10	Hari	Rp60.000	Rp3.600.000
	Total				Rp66.300.000
	Total Keseluruhan				Rp81.605.000

Picture 4. Farming Business Analysis NO Labor

The farming analysis prepared by farmers is generally based on a planting area of one hectare. Based on the cost calculation data, several errors were identified in the classification of production costs, particularly in the classification of factory overhead costs. Some costs categorized as labor costs should instead be classified as overhead costs. These include land rental costs, land processing costs, net construction costs, bin preparation costs, and the purchase of harvesting equipment. Inaccurate cost classification may create difficulties for farmers in evaluating and minimizing production costs effectively. The cost classification made by the researcher is as follows,

NA OOGST					
Bahan Baku					
No	Uraian	Volume		Harga	Jumlah
1	Bibit	20000	Batang	Rp60	Rp1.200.000
2	Insektisida Ulat	2	Botol	Rp152.500	Rp305.000
3	Insektisida Kutu	5	Botol	Rp75.000	Rp375.000
4	Fungisida Atopos + Galiandro	4	Botol	Rp225.000	Rp900.000
5	Fungisida Folicar	1	Botol	Rp135.000	Rp135.000
6	Pupuk KS	4	Sak	Rp450.000	Rp1.800.000
7	Pupuk ZA	4	Sak	Rp75.000	Rp300.000
8	Pupuk Urea	2	Sak	Rp250.000	Rp500.000
9	Pupuk Saprodap	4	Sak	Rp175.000	Rp700.000
10	Bensin Untuk Pompa Air	100	Ltr	Rp8.000	Rp800.000
	Jumlah				Rp7.015.000

Picture 5. Farming Business Analysis NO Raw Material Costs

Tenaga Kerja Langsung					
No	Uraian	Volume		Harga	Jumlah
1	Tanam dan Kocor	60	Orang	Rp40.000	Rp2.400.000
2	Penyiraman/Torapan	8x7	Orang	Rp40.000	Rp2.240.000
3	Penyulangan	6	Orang	Rp40.000	Rp240.000
4	Penyiangan	10x2	Orang	Rp40.000	Rp800.000
5	Garpu	20	Orang	Rp50.000	Rp1.000.000
6	Pemupukan	8x4	Orang	Rp40.000	Rp1.280.000
7	Danger/Bumbun	20x2	Orang	Rp50.000	Rp2.000.000
8	Penyemprotan	4x5	Orang	Rp50.000	Rp1.000.000
9	Panen/Pemetikan	20x7	Orang	Rp40.000	Rp5.600.000
10	Pengangkutan	7	Orang	Rp150.000	Rp1.050.000
11	Sujenan	8x7	Orang	Rp40.000	Rp2.240.000
12	Pengaturan/Sigir/Ngantang	10x7	Orang	Rp50.000	Rp3.500.000
13	Pengasapan	4x21	Hari	Rp45.000	Rp3.780.000
14	Penurunan	4x7	Hari	Rp40.000	Rp1.120.000
15	Rompos,Sortasi,Nguntingi	6x10	Hari	Rp60.000	Rp3.600.000
	Jumlah				Rp31.850.000

Picture 6. Farming Business Analysis NO Direct Labor Costs

Overhead Pabrik					
No	Uraian	Volume		Harga	Jumlah
1	Kayu Bakar	15	Kubik	Rp80.000	Rp1.200.000
2	Janggel	50	Sak	Rp8.000	Rp400.000
3	Jerami	2	Truk	Rp750.000	Rp1.500.000
4	Bambu	20	Batang	Rp20.000	Rp400.000
5	Kawat	20	Kg	Rp20.000	Rp400.000
6	Sewa Lahan	1	Ha	Rp25.000.000	Rp25.000.000
7	Pengolahan Tanah			Rp1.650.000	Rp1.650.000
8	Juringan/Got	8	Lajur	Rp250.000	Rp2.000.000
9	Paler/Buat Tempat Tanam	18	Orang	Rp50.000	Rp900.000
10	Buat Sumur	6	Orang	Rp100.000	Rp600.000
11	Benangi Gudang Pengeringan	10x2	Orang	Rp75.000	Rp1.500.000
12	Bandang	10	Unit	Rp35.000	Rp350.000
13	Sujen	1500	Kg	Rp2.000	Rp3.000.000
14	Welit Sulam	1000	Biji	Rp1.500	Rp1.500.000
15	Tampingan	10	Orang	Rp50.000	Rp500.000
	Jumlah				Rp40.900.000
	Jumlah Total				Rp79.765.000

Picture 7. Farming Business Analysis NO Factory Overhead Costs

The implementation of proper cost classification through the full costing approach is expected to help farmers calculate the Cost of Production (HPP) more accurately. By understanding the required production costs, farmers can estimate the minimum selling value necessary to cover production expenses and achieve the expected profit margin. Furthermore, accurate cost determination can encourage farmers to improve tobacco cultivation and maintenance practices in order to produce higher-quality tobacco leaves that can be sold at more competitive prices. Based on interview results with informants, high-quality tobacco may reach an average selling price of approximately IDR 10,000,000 per quintal. One informant stated:

> "Referring to the 2022–2023 period, farmers could obtain profits of around 40%. The average harvest reached 1.5 tons per hectare, and a good selling price was around IDR 10 million per quintal."

This statement indicates that tobacco quality significantly influences farmers' profitability and bargaining power in negotiations with warehouses. Better-quality tobacco enables farmers to obtain higher selling prices and improve their profit margins.

Tobacco Besuki Na Oogst	
Cost	Rp75.000.000
Selling	Rp165.000.000
Margin	Rp90.000.000

Table .1 Farmer Margin Calculation

In general, the production cost required for BES-NO tobacco cultivation reaches approximately IDR 75,000,000 per hectare. With an average harvest yield of 1.5 tons per hectare and an average selling price of IDR 11,000,000 per quintal, total sales may reach approximately IDR 165,000,000, resulting in an estimated profit of IDR 90,000,000. Since tobacco sales are conducted directly to warehouses, the resulting profit margins can be fully enjoyed by farmers without intermediary deductions.

Strategy in Improving Tobacco Quality by Minimizing Costs.

Tobacco quality is one of the main factors considered by warehouses in determining the purchase price of tobacco leaves. High-quality tobacco significantly affects the quality of the final products produced by warehouses, particularly because warehouses must meet customer demands and quality standards in both domestic and export markets.

Consequently, improving tobacco quality often requires substantial production costs, especially in terms of maintenance, pest control, irrigation, and fertilization.

High production costs may become a challenge for farmers if they are not supported by effective financial management. Therefore, proper cost management is essential to help farmers determine which expenditures are necessary and which costs can be minimized without reducing production quality. Through appropriate farming cost analysis and cost classification, farmers can develop strategies to allocate production costs more efficiently while maintaining and improving tobacco quality.

One strategy implemented by farmers is minimizing expenditures on tools and supporting materials that are still suitable for use in the next planting season. By reducing unnecessary equipment purchases, farmers can allocate more funds toward activities directly related to improving tobacco quality, such as purchasing fertilizers, pesticides, and additional irrigation support. This strategy was also explained by Mr. Warno during the interview process:

> "Improving tobacco quality depends on the conditions faced during cultivation. If there are pest attacks, additional pesticides are needed. If the weather is too hot, irrigation costs increase. Meanwhile, during the rainy season, additional drainage channels are required."

This statement indicates that farmers apply flexible cost allocation strategies based on environmental and cultivation conditions. The allocation of costs is primarily focused on maintaining tobacco quality and anticipating risks caused by weather changes and pest attacks. Therefore, minimizing unnecessary operational costs enables farmers to reserve additional funds for quality improvement activities and emergency production needs. Through efficient cost management, farmers are expected to produce higher-quality tobacco, strengthen their bargaining position with warehouses, and obtain better selling prices and profit margins.

Mechanism for Determining the Selling Price of NO and VO Tobacco and the Role of APTI in the Tobacco Business

The selling price of tobacco is strongly influenced by the quality of tobacco leaves produced during harvest. Higher-quality tobacco generally receives higher purchase prices from warehouses because the quality of raw tobacco materials affects the quality of the final products produced by warehouses. Therefore, improving tobacco quality becomes one of the main priorities for farmers throughout the cultivation process. Quality improvement may be achieved through proper cultivation techniques, appropriate use of fertilizers and pesticides, and proper post-harvest handling to prevent damage to tobacco leaves during storage and distribution.

As one of the distinctive tobacco commodities of Jember Regency, Besuki Na-Oogst (NO) tobacco has relatively high-quality standards because it is used as raw material for cigar products, including filler, binder, and wrapper components. Consequently, tobacco quality is directly proportional to the selling price offered by warehouses. Based on interview results, informants explained that the determination of tobacco prices depends heavily on the consistency and quality of harvested tobacco leaves.

One informant stated:

> "The price depends on the quality, and the benchmark used this year cannot necessarily be used next year. Uniformity and the integrity of tobacco leaves are very important. For partner farmers, quality is continuously monitored by the company, while local farmers have also started to learn about maintaining tobacco quality."

Another informant explained:

> "Profit levels vary depending on farmers' ability to produce tobacco according to market preferences. At minimum, if farmers can produce six quintals of wrapper and binder quality tobacco, they can already obtain profits. For example, six quintals multiplied by IDR 15 million can cover production costs, while the remaining filler tobacco may still be valued at around IDR 4 million per quintal."

These interview results indicate that the warehouse purchasing price is primarily determined by tobacco quality. Therefore, farmers are encouraged to understand market quality standards and allocate sufficient production costs to improve cultivation and post-harvest quality management. Better tobacco quality increases farmers' bargaining power and enables them to obtain higher selling prices.

The determination of tobacco selling prices is also not significantly influenced by whether farmers are company partners or independent farmers. Both partner and non-partner farmers are primarily evaluated based on the quality of tobacco produced. However, partner farmers generally receive additional supervision and technical support from companies, resulting in more consistent product quality. This was explained by one informant as follows:

> "Partner farmers usually obtain higher prices because fertilizers, irrigation, and pesticides are directly supervised by the company, resulting in better tobacco quality."

Nevertheless, higher prices for partner farmers are not always guaranteed. In 2023, several companies reportedly purchased tobacco from independent farmers at higher prices due to limited supply caused by crop failures in certain regions. One informant explained:

> "In 2023, many tobacco crops failed, creating intense competition among companies. Some companies even intercepted tobacco deliveries from partner farmers on the road."

This condition demonstrates that tobacco quality remains the primary consideration in price determination regardless of partnership status. Thus, there is relatively little bias between partner and independent farmers as long as the quality standards demanded by warehouses can be fulfilled.

In addition, interview findings revealed that tobacco purchase prices are not directly influenced by the exchange rate of the United States dollar, despite the fact that many tobacco products are eventually exported. Warehouse representatives explained that tobacco undergoes further processing stages, such as oven drying, sorting, fermentation, and aging, before being sold to international buyers. Therefore, currency fluctuations do not immediately affect tobacco purchasing prices at the farmer level.

One warehouse informant stated:

> "he influence of the dollar exchange rate is relatively small because tobacco still undergoes long processing stages before export. Sometimes buyers request aging processes for six months to one year before purchase."

This finding was also supported by statements from farmers, who explained that tobacco prices at the farmer level are more closely related to tobacco quality than exchange rate conditions.

Apart from quality considerations, the tobacco pricing mechanism is also influenced by the role of the Indonesian Tobacco Farmers Association (APTI). APTI is a farmer organization supported by the local agricultural office that assists farmers in tobacco cultivation, maintenance, harvesting, and post-harvest handling. In Jember Regency, APTI is divided into three categories based on tobacco types, namely Na-Oogst (NO), Vor-Oogst (VO), and chopped VO tobacco.

APTI plays an important role in strengthening farmers' bargaining positions by providing technical counselling and facilitating direct access to warehouses. Through this role, farmers are encouraged to sell tobacco directly to warehouses without relying on intermediaries or brokers. One informant explained:

> "Selling directly to warehouses is more profitable because the marketing chain becomes shorter, allowing farmers to enjoy larger profit margins."

In addition, APTI actively helps farmers find markets for tobacco sales. The organization may collect tobacco harvests from farmers and negotiate sales directly with warehouses. Profits are then distributed proportionally based on the amount and quality of tobacco supplied by farmers. Through these activities, APTI contributes not only to technical assistance but also to improving farmers' market access, bargaining power, and overall welfare within the tobacco business chain.

IV. CONCLUSION

Based on the research findings, it can be concluded that the Indonesian Tobacco Farmers Association (APTI) has assisted farmers in preparing financing plans covering the tobacco cultivation process from planting to harvesting. However, the cost classification applied in the financing analysis is still not fully appropriate, potentially leading to inaccuracies in calculating total production costs and the cost of goods sold. Therefore, the implementation of more accurate cost classification through the full costing approach is necessary to support better financial planning and cost efficiency among farmers.

The findings also indicate that farmers have implemented cost minimization strategies by reducing expenditures on reusable tools and equipment, allowing production costs to be allocated toward activities that directly improve tobacco quality, such as the use of fertilizers, pesticides, irrigation, and weather-related preparations. These strategies help farmers maintain and improve tobacco quality while controlling production expenses more efficiently.

In addition, the selling price of tobacco is primarily determined by the quality of tobacco leaves produced during harvest. The study found that tobacco pricing is not significantly influenced by partnership status or fluctuations in the United States dollar exchange rate. Instead, warehouses focus more on quality standards, including leaf uniformity, integrity, and overall tobacco grade in determining purchase prices.

Furthermore, APTI plays an important role in supporting the tobacco business chain by assisting small-scale farmers in accessing warehouse markets directly. Through market facilitation and harvest aggregation, APTI helps farmers shorten the marketing chain, strengthen their bargaining position, and increase potential profit margins. Therefore, APTI

contributes not only to technical assistance in tobacco cultivation but also to improving farmers' welfare and market access within the tobacco industry in Jember Regency.

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