

THE EFFECT OF PRICES ON THE SUSTAINABILITY OF RICE BUSINESSES IN THE CITY INDRAMAYU

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Abstract— Every business actor needs to be sustainable to reflects the certainty of income that can be used to maintain, develop and prosperity, family and employees. However, not all businesses can be sustainable because they are affected by several factors, including the price factor. This research aims to analyze effect price on the sustainability of the rice business in Indramayu City, West Java Province, along with the most applicable indicators explain the second condition variable. The research was carried out in April - May 2023 using a descriptive quantitative research design and survey methods. The number of samples was determined deliberately, namely 100 rice consumers in Indramayu City. Data analysis using the Structural Equation Model and research results conclude that prices have an effect positive and real to sustainability of the rice business. The indicator that can best explain the condition of price variables is “affordable” (0.76) and rice business sustainability is “making a profit” (0.71). The recommendation for rice business actors is to pay attention the prices rice where the price is strived to remain affordable for consumers.

Keywords— *Affordable; Business sustainability; Indramayu; Rice; Price*

I. INTRODUCTION

Rice is one of the staple foods consumed by the Indonesian people so that the problem of rice consumption and its fulfillment will be important in Indonesia's economic development. More than 95% of Indonesia's population depends on rice [1]. 90% of Indonesia's population consumes rice as a staple food, and about 30% of the total expenditure of poor households is spent on rice.

Currently there are still many people who depend on their livelihoods as farmers in Indramayu regency [2]. In the agricultural sector, Indramayu Regency itself has a leading sector, namely rice commodities and is also one of the quality

rice producing areas from West Java. Indramayu Regency is one of the national rice granaries in Indonesia. The rice harvest

area in Indramayu Regency is 226.626 Ha with a productivity of 59,27 tons / ha with total production reaching 1.363.311,87 tons (BPS, 2020) [3]. Compared to other regions, Indramayu is one of the regions that contributes the largest national rice

needs, which is approximately 60% of national needs.



FIGURE 1. ADMINISTRATION MAP of INDRAMAYU REGENCY

Success is the ultimate goal for every business, but sustainability is key to maintaining long-term existence and growth. Therefore, it is important for you as a business owner to not only focus on achieving momentary success, but also prioritize steps that support business sustainability. One of them is the value offered, sustainability and business growth

are strongly linked to the value provided to clients or customers. Demonstrating this value early on in a relationship not only ensures future loyalty, but also potentially increases [4].

Entrepreneurs certainly want a business that is run quickly and sustainably. The existence of a business will be useful if the business environment is able to accept the existence of the business. Sustainability itself means that the business that is run will continue to operate or develop for the long term. Some businesses can be found to have business continuity for generations. The leadership handed down by the first owner to his derivatives, makes the sustainability of the business will continue. This long-term value can be increased by being consistent and stable in business performance that can implement economic, social, and environmental values. According to (Widayanti et al., 2017) (Widayanti, Damayanti, and Marwanti 2017) business sustainability is a stability of business conditions, where sustainability is a business continuity system that includes addition, continuation and approaches to protect business continuity and business expansion [4]. Business sustainability in this study is measured by several indicators as revealed by [5-6]. Business sustainability is the biggest hope for all business actors, because by having a sustainable business, the company's income will be guaranteed. Conversely, an unsustainable business will suffer huge losses. Therefore, many business actors are trying to make their business sustainable. But to make it happen is not easy because many factors effect it.

Kotler and Armstrong defines a price indicator consisting of [7]:

Price affordability where consumers can reach the price set by the company. Products usually have several types in a brand, where the price also varies, ranging from the cheapest to the most expensive;

Price conformity with product quality. Price is often used as an indicator of quality for consumers, people often choose a higher price between two goods because they see a difference in quality. When the price is higher people tend to think that the quality is also better;

Suitability of price with benefits. Consumers decide to buy a product if the perceived benefits are greater or equal to those that have been spent to get it. If consumers feel the benefits of the product are less than the money spent, consumers will assume that the product is expensive and consumers will think twice about making repeat purchases.

Prices according to ability or price competitiveness. Consumers often compare the price of a product with other products, in this case the high cost of a product is highly considered by consumers when going to buy the product.

For this reason, research on efforts to realize business sustainability is very important, including in the rice business in Indramayu Regency, West Java. This research was conducted deliberately in Indramayu Regency to determine whether there is an effect of price on the sustainability of the rice business.

II. METHOD

The data collection method used a questionnaire distributed to respondents by the researcher. The questionnaire consisted of several questions regarding the effect of price implementation on rice business sustainability. Measurement of this variable uses a Likert scale. The Likert scale is a scale used to measure a person's attitudes, opinions, and perceptions of a particular object or phenomenon [8-9]. The data source used in this research is primary data. Primary data in this study are questionnaire answers from 100 respondents. In this study, 5 levels of scale were used, namely:

No.	Statement	Score Value
1.	Strongly Disagree	1
2.	Disagree	2
3.	Neutral	3
4.	Agree	4
5.	Totally Agree	5

We conducted data and surveys to rice consumers in Indramayu Regency regarding the effect of price on the sustainability of the rice business, which consisted of several 3 questions on the Price variable (x) and 5 questions on the Business Sustainability variable (y), namely:

X1: affordable product price

X2: product price according to quality

X3: price in accordance with brand conditions

Y1: the store makes a profit (profit)

Y2: the store has never had a conflict with the community

Y3: the store has never polluted the environment

Y4: the store has applied technology

Y5: the presence of institutions such as agricultural offices, cooperatives and farmer groups that support the sustainability of the shop's business.

The research was conducted in April-May 2023 using descriptive quantitative research design and survey method. The research sample was purposively determined as many as 100 rice consumers in Indramayu and the sampling technique was accidental. Primary data obtained from data collection, processed using the Excel program first, then the data was analyzed using SPSS AMOS tools. We have collected data from several similar research journals on the effects of pricing on business continuity.

III. RESULTS AND DISCUSSION

Based on the picture above, that price has a positive effect of 0.61 on business sustainability. One element that can affect this competitiveness is price [10-11]. In variable X which explains the price and other indicators that represent, and variable Y which explains business sustainability and other indicators that represent. Details are in the following table.

TABLE 1. REGRESSION STANDARD WEIGHTS

			Estimate
Y	<---	Price	.717
X1	<---	Price	.769
X2	<---	Price	.622
X3	<---	Price	.676
Y1	<---	Business Sustainability	.715
Y2	<---	Business Sustainability	.615
Y3	<---	Business Sustainability	.621
Y4	<---	Business Sustainability	.695
Y5	<---	Business Sustainability	.661

From these results it can be explained that:

X1 with the highest score in variable X is 0.76. X1's statement that the price of rice in the store is very affordable for consumers is positive, so the price of rice in the store is already affordable among consumers. Previous research concluded that one of the factors that affect the sustainability of the rice business is the price of rice itself [12-16].

Y1 with the highest score in variable X is 0.71. Y1's statement that the rice store that is a consumer has made a profit. So the Y variable that can best explain business sustainability is in the Y1 indicator, namely making profits. Business sustainability is one way for companies to benefit stakeholders by paying attention to environmental impacts and improving relationships with people who play an important role such as customers and suppliers.

X2 (price) and Y2 (business sustainability) which have the lowest scores of 0.622 and 0.615, both variables are assumed that if the price in a rice store is too high or expensive by consumers, it will also affect the sustainability of the store's business.

Price, innovation and product quality have a very strong and significant influence on the business sustainability of the household cake industry processed by Muslim entrepreneurs in Samarinda with a significance of $0.005 < 0.05$. This study aims to obtain empirical evidence of the influence of price, innovation and product quality on the business sustainability of the Muslim entrepreneur's household cake industry in Samarinda. has also conducted research on alternative strategic options that can be applied by Toreko after obtaining its business sustainability position, namely maintaining prices that have been set to consumers while always improving product quality and maintaining satisfaction with consumer loyalty. In his research shows that price has a positive and significant effect on purchasing decisions made by consumers.

IV. CONCLUSIONS

The results of the study concluded that prices have a positive and real effect on the sustainability of the rice

business. The indicator that can best explain the variable condition of the price is "affordable" and the sustainability of the rice business is "making a profit". The results of this study can be a recommendation to rice business actors that if they want their business to be sustainable, they must pay attention to the price

Price where the price is sought to remain affordable for consumers.

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