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## Improving the Quality of Local Coffee through Production Management in Kare Village, Madiun, East Java

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### Abstract

Coffee serves as a vital agricultural product in Madiun Regency, particularly flourishing on the slopes of Mount Wilis in the Kare District. Presently, approximately 55 hectares of land in this region are dedicated to coffee cultivation, primarily managed by a local farmer group. The predominant variety cultivated in Kare is high-quality robusta, which thrives at an elevation of 700 meters above sea level, making it particularly well-suited for this type of coffee. Known locally as Kare coffee or Wilis coffee, this product is distinctive due to its unique flavor profile, which sets it apart from other Indonesian coffees, as it is exclusively sourced from the slopes of Mount Wilis. All coffee sold under this label is cultivated and processed by the Mugi Lestari farmer group, which faces significant competition in the local and national coffee markets, prompting them to seek broader marketing opportunities. However, the increasing demand for coffee necessitates that farmers in Kare Village enhance their skills in production management to ensure that their coffee not only improves their livelihoods but also empowers them economically. The challenges encountered by these farmers include a lack of understanding regarding the significance of effective production management for enhancing product competitiveness and the absence of training or support to bolster their human resource capabilities. Additionally, the low wages and income levels of coffee farmers in Kare Village hinder their ability to address these issues independently, underscoring the need for targeted assistance and training in coffee production management. In response to these challenges, the Community Service Team proposes a comprehensive solution that includes socialization, counseling, and support focused on the effective management of Kare Coffee production.

**Keywords:** *Coffee, small farmers, Kare, production management, community services*

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### INTRODUCTION

Coffee is not just a beverage; it is a significant commodity that plays a pivotal role in the global economy, particularly in countries like Indonesia (Aprianto, W., & Syaipudin, U, 2022). Its economic value is considerable when compared to other agricultural products, making it a key player in the agricultural sector. The coffee industry serves a crucial function in generating foreign exchange for the nation, contributing to the overall economic stability and growth.

This is particularly important for developing countries, where agricultural exports can significantly impact the national income and balance of trade. In Indonesia, coffee cultivation is more than just an economic activity; it is a lifeline for many. Approximately 14 out of the 1.5 million coffee farmers in the country rely on coffee as their primary source of income (Siswanto & Ratnaningsih, 2021). This statistic underscores the importance of coffee not only as a commodity but also as a means of livelihood for a substantial segment of the rural population (Saputera, D., Moenardi, D. F., Muttaqin, R., Dewi, R. A., & Hawari, H., 2022). The cultivation of coffee provides these farmers with the financial resources necessary to support their families, invest in education, and improve their living conditions.

Coffee production in Madiun Regency, particularly in the Kare District, is a significant agricultural activity that contributes to the local economy. With approximately 55 hectares of land dedicated to coffee cultivation in the Kare area, the Farmers Group in Suweru, Kare Village plays a crucial role in managing the coffee plantations. The predominant coffee variant grown in this region is

high-quality robusta, favored due to the optimal altitude of 700 meters above sea level in the Suweru, ideal for robusta coffee cultivation. Known as Kare coffee or Wilis coffee, this specialty product stands out for its unique flavor profile derived from the slopes of Mount Wilis.

The Mugi Lestari Farmers Group, responsible for the production and processing of all coffee sold, faces challenges in the competitive national coffee market. To address these challenges and further expand their market reach, the group must enhance their coffee marketing strategies. However, meeting the demands of the market requires coffee farmers in Suweru to improve their production management skills to ensure that the marketed coffee not only benefits the farmers economically but also empowers them economically.

The key issues faced by the partners include a lack of understanding regarding the importance of production management for enhancing product competitiveness and a lack of support or training to enhance the human resource capacity of the farmers. Given the low wages and income levels of coffee farmers in Suweru, it is essential to provide assistance such as mentoring and training on coffee production management to help these farmers overcome their challenges. In response to these issues, the Community Service Team proposes a comprehensive solution involving training, counseling, and support to improve Kare Coffee production management. Through this Community Service program, the Mugi Lestari Farmers Group can add value to their coffee production and expand their market presence effectively.

Additionally, efforts are being made to promote sustainable farming practices in coffee production in Madiun Regency. The Farmers Group in Suweru is exploring ways to reduce the environmental impact of their operations, such as implementing organic farming techniques and utilizing natural fertilizers. By prioritizing sustainability, the group aims to not only protect the local ecosystem but also meet the growing demand for ethically sourced and environmentally friendly coffee products.

The success of Kare coffee production in Madiun Regency has also attracted the attention of international buyers and coffee enthusiasts. With its unique flavor profile and high-quality standards, Kare coffee has the potential to become a sought-after specialty coffee in the global market. By continuing to invest in quality control measures, marketing strategies, and farmer training programs, the Mugi Lestari Farmers Group is positioning itself to capitalize on this growing interest in Kare coffee and further boost the local economy.

## METHODS

The approach employed in community service is characterized by a participatory methodology that actively engages partners as the primary stakeholders. This strategy encompasses various techniques, including the dissemination of information regarding the types of products, their packaging, the locations of production, and the methods of presentation.

**The first phase of the training focuses on developing a strategy for institutional growth among farmers.** This socialisation aims to foster unity and collaboration among members by establishing a group association, which serves as a foundation for enhancing strength and coordination in agricultural management.

**The second phase emphasizes the management of cultivation partnerships.** It provides participants with insights into the management principles that underpin collaborative agricultural practices and a comprehensive understanding of the various components involved in plant cultivation.

**The third phase on the importance of bookkeeping administration.** It aimed to enhance participants' comprehension of group administration and bookkeeping practices in a straightforward and transparent manner, while also highlighting the significance of effective bookkeeping for group members.

**The fourth phase involves ongoing mentoring.** This phase is designed to empower farmers to establish robust, independent, and professional economic entities. Continuous support and guidance are provided throughout the training process to ensure effective empowerment, with specific objectives including assessing the retention of training content, strengthening the management and financial capabilities of farmer groups, and promoting the growth of productive business initiatives through collaborative forums.

## RESULTS AND DISCUSSION

### Preparation

In preparing this community service activity, the team was assisted by Postgraduate Students of Airlangga University. In addition, the administrators of the Mugi Lestari Farmers Group also helped in inviting members of the Farmers Group to participate in the extension activities. The activity was carried out at the residence of the Head of the Mugi Lestari Farmers Group which is located in the middle of the village, so that it is easily accessible to all residents. Meanwhile, the tools used in the extension activities were laptops, in-focus, copies of extension and training materials, and cameras for documentation purposes.

This program socialization initiative spans over a period of two days and took place at the Village Hall in Madiun Regency. The program is designed to accommodate 50 participants from the Mugi Lestari Farmers Group, ensuring a comprehensive learning experience for all involved. The institutional training sessions for coffee farmers are facilitated by an experienced facilitator, who play a crucial role in guiding the learning process and ensuring that the objectives of the socialization are met.

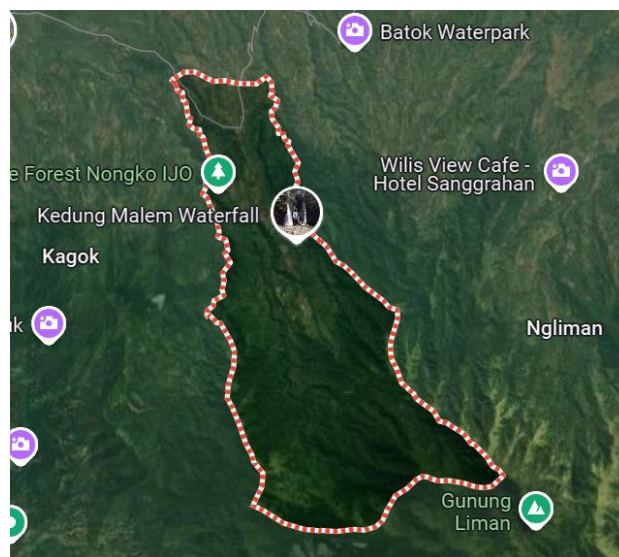


Fig 1. Location of Kopi Kare in Kare Village

The initial phase of the training program is designed to lay a solid foundation for the development of institutional strategies tailored specifically for farmers. This phase is particularly focused on fostering a sense of unity and collaboration among the members of the Kopi Kare farmer group. By emphasizing the establishment of a group association, this stage aims to create a cohesive community that enhances collective strength and improves coordination in the management of agricultural enterprises. The formation of such an association is crucial, as it not only provides a platform for shared resources and knowledge but also cultivates a supportive environment where farmers can collaborate on common goals and challenges.



Fig 1. Program Socialization with farmers

In the subsequent phase, the program shifts its focus to cultivating effective partnership management. Participants are educated on the essential management principles that underpin

successful collaborative cultivation efforts. This training is comprehensive, covering a wide array of topics related to plant cultivation, including best practices, pest management, soil health, and sustainable farming techniques. By equipping farmers with these necessary skills, the program ensures that they can engage effectively in their agricultural practices, leading to improved productivity and sustainability in their farming operations.

The third phase of the program socialization introduces bookkeeping administration training, which is critical for enhancing participants' understanding and skills in managing group administration and maintaining transparent bookkeeping practices. This program socialization highlights the importance of proper financial record-keeping, which is vital for the members of the farmer group. By promoting accountability and informed decision-making, this phase empowers farmers to take control of their financial health, ensuring that they can make strategic choices that benefit their collective and individual enterprises.

Structured financial reporting provides numerous benefits for small coffee farmers, mainly by offering reliable cash flow information that indicates the financial well-being of their operations. It allows for the clear presentation of financial results for a given accounting period, enabling stakeholders to assess the business's performance over time. Moreover, this reporting system supplies essential insights for evaluating both the current situation and future potential of the small business. Additionally, it produces other relevant information that is valuable to various stakeholders, improving their comprehension of the operational environment and potential opportunities in the coffee farming industry.

Neglecting financial documentation can have far-reaching consequences that extend beyond mere inconvenience, potentially leading to significant disruptions in business operations. For coffee farmers who also function as business proprietors, the absence of meticulous financial records can create a precarious situation. Without proper documentation, these farmers may find themselves vulnerable to a range of issues, including the risk of fraudulent activities. In an environment where financial transparency is lacking, the likelihood of mismanagement or even outright fraud increases, as there are fewer checks and balances in place to monitor financial transactions.

Moreover, the inability to accurately track revenue and expenditures can severely hinder a farmer's capacity to implement effective business strategies. Financial documentation serves as the backbone of any successful business operation, providing essential insights into cash flow, profit margins, and overall financial health. When coffee farmers overlook this critical aspect of their business, they may struggle to identify trends, forecast future earnings, or allocate resources efficiently. This lack of clarity can lead to poor decision-making, as farmers may not have a clear understanding of their financial position or the implications of their choices.

As a result, the sustainability of their business becomes jeopardized. Without a solid grasp of their financial situation, coffee farmers may find it challenging to invest in necessary improvements, such as upgrading equipment, expanding their operations, or even weathering unexpected downturns in the market. This can ultimately lead to a cycle of financial instability, where the inability to manage finances effectively contributes to declining business performance, which in turn exacerbates financial challenges.

In summary, the neglect of financial documentation is not merely a minor oversight; it can trigger a cascade of negative outcomes that threaten the viability of coffee farming businesses. By failing to maintain accurate and comprehensive financial records, farmers risk not only their operational efficiency but also their long-term success and sustainability in a competitive market. Therefore, it is imperative for coffee farmers to prioritize financial documentation as a fundamental aspect of their business strategy, ensuring they are equipped to make informed decisions that will support their growth and resilience in the industry.

The training materials created for the basic bookkeeping course include several essential elements aimed at improving participants' grasp of financial management. First, the curriculum highlights the significance of entrepreneurial motivation, stressing the need for coffee farmers to differentiate between personal and business finances, which aids in a more accurate assessment of business performance. Next, it covers various recording methods, such as cash flow statements that track the inflow and outflow of funds; profit and loss statements that offer insights into business activities, including sales, expenses, and net income or losses. Finally, the socialization program was held interactive, featuring discussion sessions that encourage a two-way exchange of ideas and experiences among participants.





Fig 3. Socialization of the importance of bookkeeping

Finally, the program culminates in ongoing mentoring, which is an integral component of the technical training provided to coffee farmers and the managers of the Mugi Lestari coffee farmer group. The overarching goal of this mentorship is to empower farmers to establish robust, self-sufficient, and professional economic entities. To ensure the effectiveness of this empowerment process, participants are not left to navigate their learning independently; instead, they receive continuous support, facilitation, and guidance throughout each training phase. The objectives of this mentoring include assessing the extent of knowledge retention from the training sessions, reinforcing the organizational capabilities of the farmer groups in management, administration, and finance, and fostering the growth of productive business initiatives. This holistic approach not only enhances the skills and knowledge of the farmers but also strengthens the overall resilience and sustainability of their agricultural practices, ultimately contributing to the long-term success of the Kopi Kare and Mugi Lestari farmer groups.

Socialization Program			
Date	Place	Activity	Challenges
May 30 <sup>th</sup> -June 1 <sup>st</sup> 2024	Dusun Seweru, Kare, Madiun Regency, East Java		<p>Farmers have failed to document any financial transactions related to their coffee farming, resulting in no records of expenditures or income.</p> <p>Many farmers are over 40 and have only basic education. This highlights the need for better support systems to help them document resources and manage simple financial records, which is essential for improving their operational efficiency and agricultural management.</p> <p>Some of the coffee farmers have ignored the costs of a single harvest season, relying on assistants for projections based on market prices and daily wage structures on the average.</p>

