Tobacco Marketing Conflict between Farmers and Middlemen in Palongan Village, Bluto District, Sumenep Regency

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Abstract

The existence of tobacco is intended to meet the demand for cigarette factories. The indirect marketing chain is the cause of the price game by stakeholders. This situation has led to a loss of trust in trading partners, farmers suspect that there is a selling price game being played by middlemen and warehouses. The price game creates negative prejudice to stakeholders. The aim of this research is to analyze conflicts between farmers and stakeholders and solutions for farmers to the problems that occur. This research uses a qualitative method with a phenomenological approach. Data collection was carried out by observation, interviews, and document study from related research. The results show that determining the category of tobacco can certainly trigger conflict between farmers, bandol, and factory warehouses because it affects general selling price indicators in the market. Farmers’ expectations of selling prices and intimidation by bandol elements give rise to conflicting opinions about the two, thus triggering conflict. The uncertainty of tobacco prices has made some farmers use an alternative substitute for this commodity by cultivating corn.

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INTRODUCTION

In Madura, the history of tobacco cultivation is marked by poor land quality and low expectations. During the Dutch colonial era, labor exploitation was rampant on Javanese plantations. At the same time, tobacco cultivation in Madura began to spread beyond its area of origin due to workers from Java (Kusairi & Ubadillah, 2018). This history is debunked by the origin of the well-known folktale of Prince Katandur. Around the 13th century, Sunan Kudus's ancestor, Prince Katandur, traveled to Madura and assisted the locals in growing tobacco (Fajar & Maulidah, 2021).

Tobacco cultivation in Madura is indicative of the historically low expectations from the natural resources of the region, including the land available for farming (Dewi et al., 2019). The development of tobacco in Madura is relatively fast due to the plant's adaptability to variations in soil and water conditions (Ar Razy & Mahzuni, 2021). During the harvest season, tobacco is known as "gold leaf" due to the high profits it brings to the Madurese people (Ahmadi et al., 2021). A popular commodity, tobacco is cultivated for its taste and addictive properties. Nicotine dependence has been shown to be a major driver of smoking behavior (Chrea et al., 2018).

Throughout its history, the tobacco industry has been primarily focused on meeting the demands of cigarette factories. However, the process involves several intermediaries, such as partner warehouses, traders, and middlemen. As a result, farmers do not have direct access to the market. This indirect marketing chain is responsible for price manipulation by intermediaries, who deal directly with farmers (Fajar & Maulidah, 2021). Farmers have been struggling to receive fair prices for their commodities. The difference between the price they sell their goods for and the price the companies pay them is significant. This price disparity exists because of the long supply chain involved in the sale of Madura tobacco commodities (Umam, 2019).

The government aims to achieve price stability through two regional regulations, namely Regional Regulation Number 2 of 2002 on the management of Madurese tobacco and Regional Regulation Number 6 of 2002 on tobacco purchasing permits and warehouse business permits. However, in 2008, Regional Regulation Number 6 of 2008 was introduced as an improvement, but it is still considered ineffective. As a result, farmers remain vulnerable to market monopolies by middlemen and large investors (juragan) who are stakeholders (Hamid, 2017). The indirect marketing chain causes the selling price of tobacco to be low at the farmer level. A system like this provides greater profits to stakeholders (middlemen and Juragan) because compared to farmers they do not experience the risk of crop failure and have a marketing access network (Umam, 2019).

During the transaction process, a conflict arose as there was no clear negotiation over the price offered by the middleman. The farmers, who were afraid of not being able to sell their tobacco harvest, ended up handing it over at a price below the average (Sanjani, 2021). Farmers in the tobacco market are positioned as price takers, which means they do not have the power to set selling prices. This situation has resulted in a loss of trust in their trading partners, particularly the middlemen. Farmers suspect that middlemen and warehouses are involved in price games that affect selling prices (Mardiana et al., 2022). Price games harm farmers and cause conflict with middlemen.

The purpose of this writing is to analyze conflicts that arise between tobacco farmers and middlemen during marketing, along with solutions proposed by the farmers to the problems resulting from these conflicts.

METHOD

The research case study focuses on the conflict between tobacco farmers and middlemen in Palongan Village, Bluto District, Sumenep Regency. Researchers use a phenomenological approach to describe
marketing problems and their causes, resulting in conflicts. Data collection was carried out by observation, interviews, and document study from related research. The researcher purposively selected four research informants, including farmers from Palongan Village, farmers who are also middlemen, partner warehouse administrators, and warehouse administrators who are also middlemen, representing each market player. Interactive analysis techniques including data reduction, presentation, and conclusion drawing were used to analyze the selected research data (Miles & Huberman, 1987). The dependent variable of tobacco marketing patterns is analyzed using a spatial approach.

RESULT AND DISCUSSION

Researchers studied the causes of conflict between farmers and middlemen in Palongan Village from the perspective of each market player based on the results of observations and interviews conducted with respondents. On May 21, 2023, an interview was conducted with Mr. Hari and Mr. Dodong at the official residence belonging to Gudang partner PT. Gudang Garam, located in Geduungan Village, Batuan District, Sumenep Regency. Mr. Hari is an administrative officer of PT's partner warehouse, which is also a middleman. Mr. Dodong is a former administrative officer at the same company, and both of them had worked as warehouse workers before finally quitting their jobs in 2019. On May 22, 2023, interviews were conducted at the residence of Mr. Jack, a farmer, and Mas Habib, a farmer and middleman, in Palongan Village.

Tobacco Marketing Conflict between Farmers and Middlemen

Researchers are studying the patterns of marketing, market perspectives, the presence of middlemen called "bandol", tobacco grades, and weighing scales to understand how conflicts arise between farmers and middlemen. Conflicts stem from conflicting interests, which are inherent in all human activities, whether on an individual or group level. When these interests clash, either openly or covertly, conflict can arise (Agung, 2015).

Tobacco Marketing Patterns in Palongan Village

The purpose of this paper is to discuss the marketing patterns in the tobacco industry of Palongan Village. The main objective is to understand the process of the marketing chain and create a chain map that identifies the value chain pattern and crucial activities performed by every stakeholder involved. The activities carried out by each actor in the value chain aim to increase and create value and competitive advantage for the agribusiness industry (Jannah et al., 2015). There are two patterns of tobacco marketing in Palongan Village. The first one is direct marketing, where farmers sell the tobacco directly to consumers. The second pattern is indirect marketing, where tobacco is sold to middlemen, known as bandol, who then sell it to the company. Finally, the company sells it to the consumers. The bandol is a common name for middlemen in the tobacco business in Madura. The marketing chain is illustrated in Figure 1.

![Figure 1. Farmers' Tobacco Marketing Patterns in Palongan Village](source: research documentation, 2023)

Palongan Village Tobacco from a Market Perspective

Most of Madura's tobacco purchases are from large and medium-scale factories, such as
PT. Gudang Garam, PT. Djarum, PT. Wismilak, PT. Sampoerna, and others, which account for approximately 90% of the harvested tobacco (Umam, 2019). When cigarette companies decide to buy tobacco from farmers, they consider various factors such as the maturity level of the leaves. Additionally, the location where the tobacco is grown and regional factors also have an influence, especially on the quality of the tobacco (Hari, personal communication, 22 Mei 2023).

The tobacco types that cigarette manufacturers are most interested in from Madura Island are the highland and mountain tegal ones. However, despite the name, Madura Island itself doesn't have any actual mountains. The classification of "mountain" tobacco in Madura is based on height. For instance, the tobacco grown in Guluk-bulk Village, Sumenep Regency, which is situated at an elevation of 235 MASL, can be considered mountain tobacco (Rachman & Suwarso, 2003). During the planting season, mountain land can be cultivated only twice (Verona & Tiortosuprobo, 2016).

The partner warehouse PT. Gudang Garam classifies Madura tobacco into five distinct types such as mountain tobacco, mountain moors tobacco, moor tobacco, moor rice fields tobacco, and Paddy field tobacco. Depending on the altitude of the area, the tobacco from Palongan Village is categorized under the moor to mountain moors tobacco classification (Hari, personal communication, 21 Mei 2023). Different recognition came from farmers in Palongan Village that the tobacco area is part of the mountain area. This is based on the three-month tobacco cultivation process leading up to harvest (Jack, personal communication, 22 Mei 2023). Palongan Village is located at an average elevation of 150 to 200 MASL (BPS Kabupaten Sumenep, 2021). The elevation is comparable to a mountain range and nearly matches the height of Mount Tobacco.

According to the warehouse's opinion, the tobacco location in Palongan Village is classified as mountain Moors. However, there is a difference in perception between the farmers and the warehouse regarding the quality of tobacco. The warehouse assesses that the tobacco from Palongan Village falls in the category of moor to mountain moors, while farmers classify it as mountainous. Although the warehouse's assessment is not entirely incorrect, the condition of the land and the altitude of the place can be valid reasons. The farmers' assumptions, on the other hand, are based on the regular daily watering process during cultivation.

Conflicts arise from differences in interests, meanings, and perceptions (Siradjuddin, 2015). Tobacco farmers, middlemen, and warehouses often find themselves in conflict when it comes to determining the category of tobacco as it affects the selling price in the market. To produce high-quality aromatic tobacco, it is recommended to flush it twice a day for three months and gradually adjust to the required needs (Verona & Tiortosuprobo, 2016).

**The Existence of Bandol in Tobacco Distribution Channels**

Distribution channels describe a market offering, the movement of products from producers to consumers (Watson et al., 2015). Figure 1 shows tobacco marketing in Palongan Village, where the sales are conducted indirectly through bandol intermediaries. The intermediaries sell the tobacco to a warehouse, from where it is further transported to the cigarette manufacturer. The manufacturer processes the tobacco, mixes it according to their specific standards, labels it, applies excise duty, packages it, and then it is finally ready for consumption.

There are two types of warehouses: Partner Warehouses and Freelance Warehouses (independent). Partner Warehouses are established through collaboration between cigarette companies and institutions that have a business test letter from the local government.
These warehouses are responsible for purchasing and determining tobacco prices in accordance with the regulations provided by the government (Jannah et al., 2015). In Palongan Village, consumers have the option to purchase tobacco directly from the farmers themselves since chopped tobacco can be consumed directly. However, farmers usually prefer selling their chopped tobacco to cigarette companies in larger quantities to maximize absorption. During the harvest period, an average farmer in Palongan Village can produce approximately 150.73 kg of chopped tobacco (Andrianingsih & Laras Asih, 2021).

*Bandol* emerged due to limited farming fields in villages, which made it impossible for farmers to sell their harvest of around two bal directly to the absorption warehouse. As farmers take into account transportation and other costs, it is more feasible for them to sell their harvest to individuals who can afford to buy directly at the location known as *Bandol*. The term "Bal" refers to packages of chopped tobacco made from bamboo mats, with an average weight ranging from 40 kg to 60 kg, which are stored in the warehouse (Dodong, personal communication, 20 Mei 2023). In Madura, the term *bandol* refers to an intermediary trader who purchases agricultural products from tobacco farmers. These intermediaries can either be direct representatives of warehouses or individuals known as *Juragan* and *Tauke*.

Before going to the location, *Bandol* will inform the farmer that the warehouse requires tobacco of the desired grade (Nawafil et al., 2023). During the waiting period for prices, the *bandol* often takes advantage of farmers and intimidates them into selling their tobacco by claiming that it carries a mat-like scent. However, many farmers are choosing to hold onto their crops and wait for prices to increase. This is especially true for farmers who rely on loans to fund their cultivation (Jack, personal communication, 22 Mei 2023).

*Bandol* individuals carried out intimidation tactics to prevent farmers from storing their tobacco for too long. Proper maintenance is crucial for maintaining quality, as tobacco stored for extended periods in farmers' homes or warehouses can become damaged and moldy (Handaka & Surokim, 2014). However, farmers are often hesitant to maintain their tobacco due to misinformation spread by *bandol* about the smell and quality of the product (Jack, personal communication, 22 Mei 2023). Negative perceptions within society can lead to conflicts, which can create an atmosphere of mutual suspicion. If this continues, it could lead to disharmony and a crisis in social relations (Rosana, 2015). This strange feeling arises from farmers' ignorance of the maintenance and aging process of tobacco in the warehouse.

Post-harvest handling of tobacco involves aging in the warehouse for between 2 and 3 years, interspersed with several turns (Peraturan Menteri Pertanian Nomor 56/Permentan/OT.140/9/2012 Tahun 2012 Tentang Pedoman Penanganan Pascapanen Tembakau, 2012). After the partner warehouse purchases tobacco from *bandol*, it is not sent directly to the company. Instead, it is stored in an absorption warehouse where the temperature and humidity are carefully monitored to maintain the quality of the tobacco. The warehouse is equipped to store tobacco for only 3 to 5 years as per cigarette company regulations. If the tobacco gets too damp, it can damage the quality, and if it gets too dry, it can trigger a fire (Dodong, personal communication, 21 Mei 2023).

In reality, conflict can arise due to the fear of negative consequences attached to a particular viewpoint (Mas'udi, 2015). For instance, *bandol* may intimidate farmers to ensure that the tobacco they buy from him arrives at the warehouse without any damage to its quality. The narrative of 'mat-scented tobacco' could be an indication of the decrease in the quality of the tobacco. This, in turn, might serve as an opportunity for *bandol* to buy it at a lower price.

**Tobacco Grade Creates a Dilemma for Farmers and Bandol**

The quality of tobacco is the main factor that influences its selling price. When tobacco enters sales at the warehouse, pricing by grade is
determined. The warehouse selects the quality of tobacco leaves by taking samples from each *bal* of tobacco. The grade of tobacco for each company is determined by the sorter, and this process may vary from one company to another. Typically, experts in tobacco sorting perform this task, who can differentiate between types of Madura and non-Madura tobacco by just holding and smelling them. These experts can be either the warehouse owner or someone trusted by the company (Dodong, personal communication, 20 Mei 2023). The sorter will check the quality of the tobacco and determine the price (Medina & Trilaksana, 2017). Determining tobacco grades is problematic due to unilateral classification and limited knowledge.

Farmers often lack knowledge and depend on other groups for guidance in tobacco cultivation (Handaka & Surokim, 2014), leading to poor decision-making. This results in farmers being taken advantage of by sorters, who often lack transparency in determining prices. Farmers in Madura and Lombok face similar issues with grade problems due to the lack of knowledge about tobacco quality standards, which sorters exploit (Hidayat et al., 2021). The lack of transparency in the tobacco sorting process is causing suspicion among farmers, particularly those who sell directly to the warehouse. There are allegations that the tobacco, which should be classified as top-grade according to the farmers or *bandol*, is being downgraded to middle-grade by the sorters. In addition, during the purchasing process, there are reports of dishonest practices by *bandol besar* and scale-takers (Habib, personal communication, 22 Mei 2023).

*Bandol besar* is a *bandol* that has a subsystem under it with *bandols*. The relationship that *bandol besar* has built with the sorter will determine the price and quality determination pattern. *Bandol*, in building a good relationship with the sorter, provides cigarette money every time he wants to sort tobacco in the warehouse. If a close relationship is not built by the *bandol* with the sorter, it is very likely that the tobacco will be difficult to enter or sell (Nawafil et al., 2023). The quality issues of tobacco in Palongan Village are affecting *bandol*. Local farmers prefer to sell their tobacco products on-site and use weigh-and-pay transactions.

**Farmers’ Misery Impacts of Scale-Takers**

Tobacco farmers in Galis District, Pamekasan Regency, face significant losses in their trade due to middlemen cutting 8% to 10% of the purchased scales (Fajar & Maulidah, 2021). Similarly, farmers from Jember Regency experience a similar cutting practice where middlemen take five kilograms from the scales and consider it as transportation costs. This amounts to around 8% to 10% of the tobacco purchased from the farmers (W. Prasetyo, 2017). In Temanggung Regency, farmers also face the accumulation of tobacco sales, where initially one 55 kg basket of tobacco would sell a net of 41 kg. The cutting occurs due to the tactic of patching the ‘hole’ in the cut by the group of actors above it (Dewanta, 2022). These incidents of scale-takers cutting were also reported in Palongan Village.

*Bandol* cuts 4 kg of tobacco in one *bal*. Out of the 4 kg, 1 kg is used as a sample for the warehouse, 1 kg is used to cover transportation costs, 2 kg is the weight of the mat, and the remaining weight is the actual net weight of the commodity (Nawafil et al., 2023). The warehouse confirmed that the scales were cut because the mats used by the farmers alone weighed almost 2 kg. However, there were no other cuts as rumored. It is possible that someone from another warehouse may have cut the scales, as such practices are common knowledge in the tobacco industry (Dodong, personal communication, 21 Mei 2023).

Farmers are dissatisfied with the current price of tobacco in the market, which leads to the practice of scale-takers. The prices of the tobacco in warehouses are determined by the companies, and farmers are often not informed of this information. In order to anticipate market price fluctuations and quality manipulation, the *bandol* takes the scales. Farmers want higher prices for their tobacco, but the prices offered by the warehouses do not meet their expectations. To ensure that they get the desired prices, the
bandol takes the scales, which satisfies the farmers and ensures the sale of their tobacco (Hari, personal communication, 20 Mei 2023).

The hope of farmers and bandol is that the warehouse does not take up much from the scales, because the impact of the bandol will also reduce the scales. Unfortunately, the warehouse was not able to meet the price expectations of the farmers, so they started to take scales as a way to sell their tobacco. This has led to accusations of scale-takers by the bandol, even though they were also under pressure from the warehouse to do the same thing. These circumstances have put farmers in a difficult situation and caused problems for all parties involved (Habib, personal communication, 22 Mei 2023).

Scale-takers by the bandol was a tactic of ‘dig a hole and close the hole’ as a result of the practices carried out by those above, giving rise to conflict between farmers and bandol in Palongan Village.

The conflict arose due to an imbalance in the tobacco market conditions. The farmers who were upstream of the tobacco industry were exploited by the middlemen known as bandol. Since bandol failed to meet the expectations of the farmers, they resorted to taking their scales as a way of making up for their losses.

Farmers’ Solutions to Resolve Tobacco Marketing Conflicts

Historically, farmers used to rejoice during the harvest period as tobacco cultivation would bring in large profits, allowing them to purchase vehicles and build houses (Habib, personal communication, 22 Mei 2023). In 2006, tobacco prices were at an all-time high and farmers' income could reach up to IDR 18,630,000 during the harvest season (Medina & Trilaksana, 2017). However, in 2021, the income of farmers in Palongan Village dropped significantly to IDR 3,617,520. Prior to the pandemic, the average farmer's income was IDR 6,047,800 (Andrianingsih & Laras Asih, 2021). The situation worsened as the decline in tobacco prices was accompanied by an increase in the price of other commodities, such as fertilizers, which became increasingly expensive (Mardiana et al., 2022).

The Madura is characterized by a moorland ecology with limestone plains that are less fertile for agriculture. Due to the hot weather conditions and low water availability in Madura, people have opted for food crop farming on dry land (Anam et al., 2020). Corn is the most suitable crop for cultivation in Madura's dry land (D. D. Prasetyo & Fauziyah, 2020). The advantage of local corn from the Madura region is its shelf life of around one year, making it a reliable food reserve (Amzeri, 2018). In recent years, tobacco prices have fluctuated, leaving farmers sure about finding alternative crops. Some farmers continue to cultivate tobacco, while others have switched to growing corn. The longer shelf life of local corn and lower maintenance costs have made it a more attractive option for many farmers (Suprapti & Happy, 2018).

Some farmers in Palongan Village are forced to grow corn in order to make ends meet due to unfavorable tobacco market conditions. The moor-like geomorphology of Palongan Village makes it possible to have access to enough groundwater or rivers for maize farming. The usual market price for maize is currently between IDR 5,000 and IDR 5,500/kg, making corn growing for farmers more profitable. Farmers have been obliged to change their property to corn planting due to weather conditions where the intensity of rain is unpredictable (Jack, personal communication, 22 Mei 2023).

Farmers are reluctant to grow tobacco because of its dependence on cigarette manufacturers, preferring instead to grow maize because of its wide-ranging market appeal. Farmers are able to sell their goods directly to consumers, at traditional marketplaces, and to owners of poultry farms thanks to the yield from maize production. Farmers who raise goats or cows and sell them to people in need might utilize the tree trunks and leaves as animal feed (Jack, personal communication, 22 Mei 2023). Corn cultivation is said to be simpler because taking care of the farmers is not as taxing.
Farmers who still wish to go on their agricultural business with products that are seen to be more profitable turn to corn planting as a solution. Because maize transported to the market may be sold, farmers no longer have to deal with bandols in tobacco marketing or struggle to access marketing.

CONCLUSION

Stakeholders have monopolized the tobacco market by taking advantage of fluctuations in prices and difficulties in marketing access. In any business, individuals should not want to be harmed, therefore bandols works around farmers in the hope that the final sales result will be equal to their expenses. However, these tactics cause conflict, as the lack of knowledge and helplessness of farmers in the tobacco market creates tension between them and stakeholders. As a result, farmers have switched to cultivating corn, which is considered easier to market. The government should contribute more because they also benefit from excise taxes, which increase every year, despite the fluctuation in tobacco prices.

REFERENCES


