Transaction Cost for Marketing of Voor Oogst Kasturi Tobacco: Case in Jember Regency

Wilda A. Safitri [1]*, M. Rondhi [1], Triana D. Hapsari [1]

[1] *University Jember, Department of Agribusiness, Jember, 68121, Indonesia*
** Corresponding author. Email: wildasafitri@gmail.com*

ABSTRACT
The tobacco marketing institution has strategic roles (entry point) in driving tobacco agribusiness system and improving farmers' bargaining position. However, the limited information owned by the farmer in marketing the tobacco causes not all farmers to directly sell the tobacco to the warehouse, even if the farmer faces fluctuating prices and uncertainty of needs. It resulted in an additional cost called transaction cost. This study aims to analyze the transaction cost and factors influencing farmers' transaction cost in marketing the tobacco in one of the centers of *Voor Oogst* Kasturi tobacco in Kalisat Sub-district, Jember District. The data were collected through interviews with 100 farmer respondents. Transaction cost was computed using an accounting approach and its factors were evaluated using regression method. The results showed that total seasonal transaction costs paid by farmers who do not partner with warehouses is higher than farmers who partner with warehouses. Total seasonally transaction costs paid by farmer who not partner with warehouse is Rp 3,413.88/kg, consisted of searching cost (Rp 28.33/kg or 0.83%), negotiation cost (Rp 9.55/Kg or 0.28%), and contract implementation (Rp 3,375.64/kg or 98.88%). Total seasonally transaction costs paid by farmer who partner with warehouse is Rp 1.669.07/kg consisted of searching cost (Rp 30.31/kg or 1.82%), negotiation cost (Rp 44.06/kg or 2.64%), enforcement cost (Rp 7.01/kg or 0.42%), monitoring cost (Rp 1,267.15/kg or 75.92%) and transportation cost (Rp 320.46/kg or 19.20%). Meanwhile, factors significantly influence the transaction cost in marketing *voor oogst* kasturi tobacco is amount of tobacco, frequency of accessing marketing institution, activeness in searching for information, and marketing system. The recommendation of the research is selling tobacco to warehouse through partnerships or selling tobacco in higher volume can reduce transaction cost and increase farmer's income. Meanwhile, the government must support institutions such as APTI to be more active in protecting the farmer's rights, especially the price and quality of tobacco.

Keywords: *Tobacco marketing, Transaction cost, Searching cost, Negotiation cost, Monitoring cost.*

1. INTRODUCTION

Tobacco (*Nicotiana tabacum L.*) is one of the cultivated plantations in Indonesia which has a great potential contributing in both national and regional income. The early arrival of tobacco in Indonesia was approximately in 1530, and then distributed massively in various regions around Indonesia (Suyana *et al.*, 2017). East Java Province is nationally the largest province contributing tobacco production as much as 43,45% and Jember Regency is the central region of tobacco production in East Java (BPS, 2019).

Voor oogst kasturi tobacco is the most cultivated species in Jember Regency (BPS of Jember District, 2019). In its marketing process, farmers in Kalisat District are confronting two options which are directly selling to warehouse or to intermediary merchant. Farmers will earn higher price if they can sell their tobacco directly to the warehouse, yet not all farmers have the access to do so. The result research (Wayan *et al.*, 2016) proved that if the farmers intended to sell their tobacco to the warehouse, they needed to have relatives who were also one of stakeholders of the warehouse or they must be under supervision of other farmers joining a partnership.

Not only the limited access that the farmers are confronting, but also the fluctuating price and consumers' indefinite needs. These issues appear to be the result of asymmetric information in each industrial chain of kasturi tobacco (Jannah, Subagja and Rujito, 2015). This condition is the aftereffect of market failures in providing

its needs efficiently due to the incomplete and asymmetric information, as well as the attitude which causing farmers to pay additional cost or termed as transaction cost (Fadhiela, Rachmina and, Winandi, 2018).

The transaction cost will overcharge the allocated budgeting. This cost is inevitable that it always presents in each transaction process (Sultan and Rachmina, 2017). Tobacco farmers often ignore this additional cost. (Berge, Bjorvatn and Tungodden, 2011) stated that the low level of education of entrepreneurs in rural areas affects the bewildering situation when they must differentiate or classify various costs that will be or have been allocated.

The availability of marketing institutions of tobacco, as a matter of fact indicates a distinctive transaction cost that must be paid by farmers. Accordingly, research concerning additional costs incurred by farmers with marketing institutions is essential to be conducted. The objectives of this research were to analyze transaction cost structure of farmers and factors affecting the total price of transaction cost in *voor oogst* kasturi tobacco marketing in Kalisat Sub-district of Jember Regency.

2. MATERIALS AND METHOD

The current research was conducted in Kalisat Sub-district, Jember Regency. The area of research, which was Kalisat Sub-district, was selected purposely. This was done by considering several reasons; it was the largest and also the central production of *voor oogst* kasturi tobacco, the issue of fluctuated price and the indefinite needs of consumers, as well as the consequences of asymmetric or unbalanced management of information during marketing events. Data collection had been done from January to May 2021.

The primary data collection was obtained by interviewing using questionnaire and observation field. Respondents were selected using quota sampling, determining samples from the population with certain characteristics until a desirable number of samples were achieved (Sugiyono, 2016). A number of respondents were 100 farmers, divided into two groups; 50 farmers who sold their tobacco directly to warehouses and 50 farmers who sold their tobacco to intermediary merchants.

Structure and total transactional cost of farmers in *voor oogst* kasturi tobacco marketing would be analyzed using descriptive methods and mathematically calculated. (Hicks, North and Thomas, 1974) transaction costs are divided into three; 1) searching cost which is an expenditure for obtaining market information, 2) negotiation cost which is an expenditure for discussing perquisites of transaction or exchange, and 3) enforcement cost which is an expenditure for undergoing an agreement or transaction. Meanwhile, (Furubotn and Richter, 2010) state that transaction cost is a cost for using a market (market transaction cost), a cost for using a right in providing an order within a company (managerial transaction cost), and a series of cost associated with turning and setting institutional political framework (political transaction cost).

Transaction cost which was the focus of the research concerned only in transaction cost in selling tobacco to marketing institutions. Mathematically, total transaction cost was calculated using the following formula

$$\mathrm{Tr}C = Zi_1 + Zi_2 + Zi_3 + Zi_4 + Zi_5 \quad (1)$$

Noted that:

TrC = Total transaction cost incurred by tobacco farmers (Rp/Kg)

Zi_1 = Searching information cost (Rp/kg)

Zi_2 = Negotiation cost (Rp/kg)

Zi_3 = Enforcement cost (Rp/kg)

Zi_4 = Monitoring cost (Rp/kg)

Zi_5 = Transportation cost (Rp/kg)

Meanwhile each ratio of transaction cost components to total transaction cost was calculated using the following formula

$$Z = \frac{Zi}{TrC} \; ; \sum \mathrm{Zi} = 1 \quad (2)$$

Noted that:

Z = Each ratio of transactional cost

Zi =Transaction cost components (Rp/kg)

TrC =Total transaction cost paid by tobacco farmers (Rp/kg)

The factors affecting transaction cost were analyzed using multiple linear regressions method (Juanda, 2009). mentions that double linear regression is the development of a simple regression model, where dependent variable Y is the function of independent variables X1, X2, X3,..., n and error term u. The model an equation used in this research is

$$\mathrm{YBTR} = \beta 0 + \beta 1\mathrm{X1} + \beta 2\mathrm{X2} + \beta 3\mathrm{X3} + \mathrm{D1} + \mathrm{D2} + e \quad (3)$$

Noted that:

YBTR = transaction cost value incurred by tobacco farmers (Rp/kg)

X1 = amount of tobacco (kg)

X2 = distance between farmer's house to warehouse or intermediary merchant (Km)

X3 = frequency of farmer going to warehouse or intermediary merchant (multiple)

D1 = searching for information (variable dummy, 1 if farmer actively search information or 0 if farmer not actively search information)

D2 = marketing system (variable dummy, 1 if farmer sells directly to warehouse or 0 if farmer sells to intermediary merchant)

e = error term

3. RESULTS AND DISCUSSION

3.1 Transaction Cost Structure

Voor oogst kasturi tobacco farmers, selling their tobacco, would be involved in transaction activity or exchange with a marketing institution which was warehouse or intermediary merchant, where additional cost appeared to be overcharging production cost, termed as transaction cost. There were two variants or dried tobacco sold by farmers. The first one was a half through-dried tobacco, *otokan.* This *otokan* tobacco was the result of 2-3 day drying that the leave bone had not all dried up and it was sold in *disujen* condition. The leaves of half dried tobacco *(otokan)* frequently were sold by farmers to intermediary merchants. The second one was the strands of all through-dried tobacco resulting from 10-14 day drying, namely *untingan* tobacco. The *untingan* tobacco usually were sold by farmers directly to warehouses by partnership.

Farmer's decision to sell his tobacco in the form of strand or *otokan* to intermediary merchant was based on various reasons. In choosing a marketing institution, voor oogst kasturi tobacco normally is rational and tends to avoid opportunistic attitudes from certain parties. Purchasing warehouse and intermediary merchant have particular ways in doing transaction with farmers, which it leads to distinctive numbers of transaction cost.

Williamson (2000) states that the analysis unit of transaction cost is the transaction itself. It means the exchange or switching goods, service, or information. Factual condition reveals that transaction cost components that *voor oogst* kasturi tobacco farmers in Kalisat Sub-district must pay had been suitable with the ones which are mentioned by (Hicks, North and Thomas, 1974) those are searching information cost, negotiation cost, and contract administration cost. Meanwhile, from those three kinds of transaction costs mentioned by (Furubotn and Richter, 2010) there is only market transaction cost that the farmers must pay; consisting of searching information cost, negotiation cost, and monitoring cost. This was due to the research review only included in the transaction cost that the farmers need to pay to sell tobacco to marketing institutions. Structure and number of transaction costs of farmers can be seen in Table 1.

3.1.1. Searching Information Cost

Farmers searched for information by using communication tools that they had. Besides that, they also discovered information by asking other farmers about something they needed. The searching process is mostly done by farmers before making an agreement or contract with the marketing institution they aimed at. Some important information searched for by farmers mostly was price and tobacco quality.

Farmers who sold their tobacco to either warehouse or intermediary merchants, both of them were dealing with the same searching information cost even though the numbers were not. Farmers who sold to warehouses obtained information at ease since they had access to the warehouse. It was different with those who sell their tobacco to intermediary merchants, where they only asked other farmers who joined a partnership with the warehouse or they came directly to the warehouse when the transaction activity began.

Information searching cost that the farmers must pay included in mobile phone credit and transportation cost whenever they came to visit other farmers or marketing institutions they were aimed at. Those farmers who sold directly to the warehouse must pay approximately Rp 30,300/season. While those who sold it to intermediary merchants must pay, searching information costs approximately Rp 34,200/season.

Table 1 Transaction Cost Structure for Marketing of Voor Oogst Kasturi Tobacco in 2020

Farmer	Transaction Cost Component (Rp/Season)					Total (Rp/Season)	Total (Rp/Kg)
	Searching Information Cost	Negotiation Cost	Enforcement Cost	Monitoring Cost	Transportation Cost		
Warehouse	30,300	44,200	7,120	1,270,000	321,120	1,672,740	**1,669.07**
Percentage (%)	**1.82**	**2.64**	**0.42**	**75.92**	**19.20**	**100**	
Intermediary Merchant	34,200	11,500	4,042,600	0	0	4,088,300	**3,413.88**
Percentage (%)	**0.83**	**0.28**	**98.88**	**0**	**0**	**100**	

Source: Processed Primary data (2021)

The expenditure that farmers needed to pay when making an agreement with the warehouse stakeholder was lower than the expenditure they needed to pay to the intermediary merchant. It was because intermediary merchants would inform the farmers about several regulations and agreements of warehouses. This was in accordance with the research (Aini, Syaukat and Rifin, 2017) showed that in a dairy cow business, a rancher who was also the member of KUD got a lower cost compared with those who was not the member of KUD as it had provided information regularly about dairy milk price to all the members.

3.1.2. Negotiation Cost

Negotiation cost of *voor oogst* kasturi tobacco farmers appeared when they were doing transactions in the warehouse or when they were visiting to know the bargaining process in the warehouse. Negotiation cost that farmers needed to pay was the cost of workers if they hired other people to negotiate while these farmers were not available. This cost is termed as opportunity cost. According to (Sultan and Rachmina, 2017) opportunity cost is the cost that will be received when doing the given-up job. In this case, *voor oogst* kasturi tobacco farmer was required to pay for the job he left while doing a negotiation since this process could not depute someone to replace.

The average negotiation cost that the farmers, who sold their tobacco in the warehouse, must pay was Rp 44,200/season, while those who sold their tobacco to intermediary merchants must pay Rp 11.500,-/season. The cost they must spend if they made an agreement with the warehouse was higher than the cost if they sold their tobacco to an intermediary merchant since the negotiation process would be done in the farmer's house so that he could save more money for that.

3.1.3. Enforcement Cost

The enforcement cost of *voor oogst* kasturi tobacco farmers in Kalisat Sub-district was administration cost whenever they sold it to a warehouse and compensation for the shrinkage of weight for farmers who sold it to intermediary merchants. The enforcement cost was Rp 7,120/season; which included stamp, ID card and Family Card copies. Farmers who sold their tobacco to intermediary merchants would be charged Rp 4.042.600/season. This significant number of enforcement costs between two types of farmers because they got a 20% discount for each of the total profit of tobacco selling if they sold it to an intermediary merchant.

3.1.4. Monitoring Cost

Monitoring cost was the cost that farmers must pay for doing agreement supervision with marketing institutions. This monitoring cost of *voor oogst* kasturi tobacco marketing was only released by farmers who had an agreement with warehouse stakeholders. Monitoring cost spent by farmers was tax or tax assessment as the consequence of different perspective tobacco quality between farmers and stakeholder. The approximate monitoring cost was Rp 1.270.000/season.

3.1.5. Transporting Cost

Transportation cost is an expenditure when farmers deliver tobacco to marketing institutions. Transportation cost is spent only when farmers sell their tobacco in warehouses. Meanwhile, those who sell their tobacco to intermediary merchants do not have to spend transportation costs because they only sell it in the house. Transportation cost includes renting a pick-up car / mini truck (including gasoline), driver’s meals and unloading process. Unloading costs are spent to hire workers who help to unload tobacco from mini trucks. Delivery process is according to an arranged schedule done by warehouse parties. A requirement that needs to be considered by farmers during the delivery process is packaging, which is to be 50 kg for each strand of dried tobacco. This is essential for the estimation process that has already used automatic running machines. Transportation cost that farmers needed to pay was approximately Rp 321.120 /season.

3.1.6. Contribution of Transaction Costs t0 Farmers' Revenue

The expenditures of tobacco farmers are the sum of the total production and transaction costs. The component of production cost of farmers who sold their strands of dried tobacco directly to the warehouse was greater than those who sold their *sujenan*-formed tobacco to intermediary merchants. This was due to different treatment in the post-crop process, where farmers who sold their *sujenan* tobacco to intermediary merchants did not have to dry it up and deliver it to the warehouse.

The average total expenditure of farmers who directly sold their dried tobacco to the warehouse was Rp. 22,172,740 per growing season, which consisted of production cost of Rp. 20,500,000 and transaction cost of Rp. 1,672,740. The percentage of transaction cost to total expenditures was 7.55%. Meanwhile, total expenditure of farmers who sold *sujenan*-formed tobacco to intermediary merchants was Rp 20,478,300, consisting of production cost which was Rp 16,390,000 and transaction cost was Rp Rp 4,088,300. Percentage of transaction cost to total expenditure was 19.96%. Transaction cost revenue to farmers’ expenditure can be seen in Table 2.

Table 2 Contribution of Transaction Costs to Tobacco Farmers' Revenue in 2020 (Rp/season)

Component	Farmer sells it to warehouse	Farmer sells it to intermediary merchant
Production Cost	20,500,000	16,390,000
	(92.45%)	(80.04%)
Transaction Cost	1,672,740	4,088,300
	(7,55%)	(19,96%)
Total Expenditure	22.172.740	20.478.300
	(100%)	(100%)

Source: Processed primary data (2021)

In order to perceive net income earned by *voor oogst* kasturi tobacco farmers in Kalisat Sub-district, the net income of tobacco marketing will be reduced by total Expenditure in terms of both production and sales activities. Farmers' income who sold strands of tobacco to the warehouse was higher than farmers who sold *sujenan*-formed tobacco to intermediary merchants. This was because the price received by farmers was also different. The average price of dried tobacco strands received by farmers from the warehouse was around Rp. 15,000/Kg-Rp. 38,000/Kg. Meanwhile, the price of *Sujenan*-formed tobacco received by farmers from intermediary merchants was Rp. 8,000/Kg to Rp. 24,000/Kg.

Average income of farmers who sold their strands of tobacco to warehouses was Rp 21.777.260/season, while the average income of farmers who sold their sujenan tobacco was Rp 11.821.700/season. The net income calculation of voor oogst kasturi tobacco in Kalisat Sub-district can be seen in Table 3.

Table 3. *Voor oogst* Kasturi Tobacco Farmers' Net Income in Kalisat District in 2020 (Rp/Kg)

Component	Farmer sells to Warehouse	Farmer sells to Intermediary Merchant
Total Revenue	43,950,000	32,300,000
Expenditure		
Production Cost	20,500,000	16,390,000
Transaction Cost	1,672,000	4,088,300
Income	21,777,260	11,821,700

Source: Processed primary data (2021)

Even though farmers' average income of farmers who sold tobacco to warehouses was higher, the production cost of farmers who sold *sujenan*-formed tobacco to intermediary merchants was lower. The distinctive production cost was also one of the considerations for choosing marketing institutions by farmers. Farmers who had limited budgets would likely sell their *sujenan*-formed tobacco to intermediary merchants.

In the transaction cost aspect, farmers who sold tobacco to warehouses had lower transaction costs. This was due to the warehouse having already provided essential information for farmers and was not subject to compensation cost to farmers.

3.2 Factors Affecting Transaction Cost of Farmers

The amount of transaction cost that *voor oogst* kasturi tobacco farmers needed to pay in the marketing process was not equal. According to Beckman (2000) in (Yustika, 2012) states that there are four important determinants of transaction cost as a unit of analysis, namely 1) behavioral attributes inherent in every economic agent which means a limited rationality and opportunism, 2) properties related to transaction attributes which are specificity assets, uncertainty, and frequency, 3) matters related to marketing management structures which are market, hierarchy, regulation, and public bureaucracy, as well as 4) factors related to aspects of institutional environment.

Those four determinants then were derived into variables, where variables predicted to affect the transaction cost of this research included the amount of tobacco, distance, frequency, searching for information activity, and sales system. These factors will be analyzed using multiple linear regressions assisted by SPSS software. The results of factors affecting transaction cost of farmer using multiple linear regression analysis can be seen in Table 4

3.2.1. Amount of Tobacco (XI)

The regression coefficient value of tobacco amount (X1) is -0.275, showing that each increase of 1 kg tobacco will reduce the transaction cost of farmers by Rp. 0.275, - per Kg. The significance value of t-value is 0.000 at 95% confidence level, and then the variable amount of tobacco (X1) has a significant effect on the amount of transaction cost that farmers needed to pay for *voor oogst*

kasturi tobacco marketing in Kalisat Sub-district. This was in line with research (A. *et al*., 2011) (Mohamad *et al*., 2014) showed that the higher farmers' production, the lower transaction cost would be charged per unit that farmers need to pay in its aggregate.

3.2.2. Distance (X2)

The regression coefficient value of distance (X2) is -29,135, showing that each increase of 1 Km distance will reduce the transaction cost by Rp. 29,135, - per Kg. The significance value of t-value is 0.021 at the 95% confidence level, and then the distance variable (X2) has a significant effect on the amount of transaction cost that farmers needed to pay for *voor oogst* kasturi tobacco marketing in Kalisat Sub-district. This was contrary to the research of Aini *et al.* (2016) proved that dairy farmers stated that the longer the distance between farmers and KUD the more transaction cost would be charged.

In the case of *voor oogst* kasturi tobacco farmers who sold their tobacco directly to the warehouse, the farmers would take several kilometers during the delivery. Meanwhile, farmers who sold their tobacco to intermediary merchants did not have to travel and could sell their tobacco at home. Even though farmers who sold their tobacco to warehouses needed to travel a certain distance, they got a higher price from the sales, compared to those who sold it to intermediary merchants. Thus, a higher income of farmers could reduce transaction costs that farmers need to pay. This was in line with research (Mohamad *et al*, 2014) which stated that an increase of price would reduce total transaction cost, this was due to the impact of a higher income so that it could indirectly cover transaction cost.

3.2.3. Frequency (X3)

The regression coefficient value of frequency (X3) is -176.616, showing that one time addition in frequency will reduce the transaction cost by Rp. 176.616,- per Kg. The significance value of t-value is 0.095 at the 90% confidence level, and then the frequency variable (X3) has a significant effect on the amount of transaction cost that farmers needed to pay for *voor oogst* kasturi tobacco marketing in Kalisat Sub-district. This was in line with Beckman's theory (2000) in (Yustika, 2012) that frequency is one of the determinants of transaction cost that is classified as features related to the attributes of the transaction.

Tabel 4. Analysis results of Factors Affecting Farmers' Transaction Cost in *Voor oogst* Kasturi Tobacco Marketing in Kalisat Sub-district in 2020

Variable	Coefficient Regression	T	Sig	F	Sig
Amount of Tobacco (X1)	-,275	-4,424	,000*	94,776	0,000
Distance (X2)	-29,135	-2,342	,021*		
Frequency (X3)	-176,616	-1,689	,095**		
Farmer's activeness Searching for Information(D1)	222,287	1,712	,090**		
Marketing System (D2)	-1064,387	-5,002	,000*		
Constant	3658,146	36,897	,000*		
Adjusted R-Square	0,826				

Source: Processed Primary Data (2021)

Note:

T : t-value
F : F-value
Sig : Significance
* : Significance level 95%
** : Significance level 90%

3.2.4. Farmers' Activeness Searching for Information (D1

Activeness of searching for information variables is a dummy variable, where dummy 1 is for farmers who are actively searching for information and dummy 0 is for farmers who are not. The regression coefficient value for information searching activity (D1) is 222,287 this indicates that the transaction cost of farmers who are actively seeking information is higher Rp. 222,287 per kg compared to farmers who are not. The significance value of t-value is 0.090 at the 90% confidence level, then this searching information variable (D1) has a significant effect on the amount of transaction cost that farmers needed to pay for *voor oogst* kasturi tobacco marketing in Kalisat Sub-district. This is in line with research (Aini, Syaukat and Rifin, 2017) which stated that information searching efforts would increase transaction cost compared to those who did not search for information, indicating that those who did not search for information had an access to the required information.

3.2.5. Marketing System (D2)

The marketing system variable is a dummy variable, where dummy 1 is for farmers who sell their tobacco directly to the warehouse and dummy 0 is for farmers who sell their tobacco to intermediary merchants. The regression coefficient value of marketing system (D2) is -1064,387, meaning that the transaction cost of farmers who sold their tobacco directly to the warehouse is Rp. 1064,387,- per kg less than farmers who sold their tobacco to intermediary merchants. The significance value of t-value is 0.000 at the 95% confidence level, and then the marketing system variable (D2) has a significant effect on transaction cost that farmers needed to pay for *voor oogst* kasturi tobacco marketing in Kalisat Sub-district. This was in line with research (Budiman, 2015) which stated that transaction cost was largely determined by the type of agreement the farmer had chosen.

4. CONCLUSION

There were structure differences and the amount of transaction cost for farmers who sold their tobacco to warehouses and farmers who sold it to intermediary merchants. The total transaction costs of farmers who do not partner with warehouses is higher than farmers who partner with warehouses. The total transaction cost of farmers who sold it to intermediary merchants was Rp. 3,413.88/Kg, consisting of searching information cost of Rp. 28.33/Kg (0.83%), negotiation cost of Rp. 9.55/Kg (0.28). %) and enforcement cost of Rp. 3,375.64/Kg (98.88%). Meanwhile, farmers who sold their tobacco to warehouses were charged a total transaction cost of Rp. 1,669.07/Kg, consisting of information searching cost of Rp. 30.31/Kg (1.82%), negotiation cost of Rp. 44.06/Kg (2.64%), enforcement cost of Rp. 7.01/Kg (0.42%), monitoring cost of Rp. 1,267/Kg (75.92%), and transportation cost of Rp. 320.46/Kg (19.20%).

The amount of transaction cost that farmers needed to pay was significantly affected by the amount of tobacco, distance, frequency, activeness of searching information, and marketing system. The variable amount of tobacco and the marketing system were both the variables that have the highest significance level. Therefore, to minimize transaction cost and maximize income, farmers can sell the tobacco directly to warehouses through partnerships. The farmers can also add more tobacco by increasing the production of it or buy the tobacco from the other farmer. Meanwhile, the government in Jember Regency must support the institution such as APTI (Association of Tobacco's Farmer in Indonesia) to be more active in protecting the farmer's rights, especially the price and quality of tobacco.

REFERENCES

[1] A., M. A. *et al.* (2011) 'Analisis Biaya Transaksi Jagung Hibrida Di Provinsi Gorontalo', *SEPA: Jurnal Sosial Ekonomi Pertanian dan Agribisnis*. doi: 10.20961/sepa.v11i1.42249.

[2] Aini, A. N., Syaukat, Y. and Rifin, A. (2017) 'Peranan Koperasi terhadap Penurunan Biaya Transaksi Usaha Ternak Sapi Perah di Kabupaten Boyolali', *Jurnal Agro Ekonomi*. doi: 10.21082/jae.v34n2.2016.123-133.

[3] Berge, L. I. O., Bjorvatn, K. and Tungodden, B. (2011) 'Human and financial capital for microenterprise development: Evidence from a field and lab experiment', *Working Paper - Chr. Michelsen Institute*. doi: 10.2139/ssrn.1750026.

[4] Budiman, B. (2015) 'Analisis Komparatif Biaya Transaksi Petani Rumput laut di Kabupaten Takalar', *Agrokompleks*.

[5] Fadhiela, K., Rachmina, D. and Winandi, R. (2018) 'Biaya Transaksi Dan Analisis Keuntungan Petani Pada Sistem Resi Gudang Kopi Arabika Gayo Di Kabupaten Aceh Tengah', *Jurnal Agribisnis Indonesia*. doi: 10.29244/jai.2018.6.1.49-60.

[6] Furubotn, E. G. and Richter, R. (2010) *Institutions and economic theory: The contribution of the new institutional economics: Second edition, Institutions and Economic Theory: The Contribution of the New Institutional Economics: Second Edition*.

[7] Hicks, J., North, D. C. and Thomas, R. P. (1974)

'The Rise of the Western World: A New Economic History.', *The Economic History Review*. doi: 10.2307/2594709.

[8] Jannah, R. Z., Subagja, H. and Rujito, H. (2015) 'Optimalisasi Kinerja Rantai Nilai Pasokan Dan Rantai Nilai Tembakau Kasturi (Voor Oogst) Di Kabupaten Jember', *Jurnal Teknologi Pertanian*.

[9] Sugiyono, P. D. (2016) *metode penelitian kuantitatif, kualitatif,dan R&D, Alfabeta, cv.*

[10] Sultan, H. and Rachmina, D. (2017) 'PENGARUH BIAYA TRANSAKSI TERHADAP KEUNTUNGAN USAHATANI KEDELAI DI KABUPATEN LAMONGAN, JAWA TIMUR', *Forum Agribisnis*. doi: 10.29244/fagb.6.2.161-178.

[11] Suyana, J. *et al.* (2017) 'Profil Usaha Tani Lahan Kering Berbasis Tembakau Di Sub-Das Progo Hulu (Kabupaten Temanggung, Jawa Tengah)', *Caraka Tani: Journal of Sustainable Agriculture*. doi: 10.20961/carakatani.v25i2.14058.

[12] Wayan, N. *Et Al.* (2016) 'Analisis Komparatif Terhadap Pendapatan Petani Dan Penampilan Pasar Tembakau Kasturi Desa Sumberpinang Kecamatan Pakusari Kabupaten Jember', *Jurnal Sosial Ekonomi Pertanian*.

[13] Williamson, O. E. 2000. The New Institutional Economics: Taking Stock, Looking Ahead. *Journal of Economic Literature*, 38(3): 595-613.

[14] Yustika, A. E. 2012. *Ekonomi Kelembagaan: Paradigma, Teori, dan Kebijakan.* Jakarta: Erlangga.