



The Effectiveness Of The Subsidized Staple Foods Distribution Based On Key Performance Indicators Of Bengkalis Regency

Yunelly Asra¹, Hutomo Atman Maulana²

Department of Business Administration
Bengkalis State Polytechnic
Bengkalis, Riau, Indonesia
Yunellyasra@gmail.com

Abstract. This study aims to calculate the effectiveness of subsidized staple foods and determine the weight of the subsidy based on the Key Performance Indicators of Bengkalis Regency in 2023. The research method is quantitative descriptive research. Data collection techniques used surveys, observational and In Depth Interviews. Data analysis used associative descriptive technique. The research variables are the amount of price, commodity and KPI of Bengkalis Regency. Data collection was carried out by means of probability sampling with Stratified random sampling of 1000 respondents in 11 (eleven) sub-districts of Bengkalis Regency. This research shows that the public's perception of the distribution of subsidy packages for staple goods in Bengkalis Regency is effective. Subsidized weight of subsidized food goods year refers to the Key Performance Indicators (IKU) of Bengkalis Regency is 0.65%.

Keywords: Staple Food, Subsidized, KPI

1. Introduction

The supply chain of staple goods is strongly influenced by weather characteristics. During the dry season, the production of staple goods will be disrupted, while during the rainy season, not only production is disrupted but the distribution of staple goods is disrupted due to flooding in several distribution channel locations (Ginting, 2020). The scarce availability of staple goods causes price increases and reduces people's purchasing power (Resnia, 2020; Maulana and Hudayah, 2021).

The problem that often arises in efforts to fulfill staple goods is supply chain imbalances which cause price fluctuations and have implications for socio-economic upheavals such as declining people's purchasing power and increasing poverty. Fluctuations greatly affect the demand and supply of staple goods. High prices for basic goods cause insignificant changes in demand and supply, whereas for non-essential goods, if the price is high, buyers can suspend demand for these goods or switch to cheaper similar substitutes (Pujiati, 2020). One of the strategies to increase people's purchasing power is through subsidies. The provision of subsidies aims to help ease the burden on low-income families and maintain food price stability due to various factors (Handoko and Patriadi 2019). The Government of Bengkalis Regency,

through the Industry and Trade Office, has carried out a low-cost market program for subsidized staple foods since 2021. and in 2022 this program has referred to the Key Performance Indicators of Bengkalis Regency. For this reason, it is necessary to study the level of effectiveness as an evaluation and input for improving the program and distribution of subsidized staple food packages more effectively.

2. Literature review

a. Literature Review

In economic theory, the formation of the price of a commodity in a competitive market is the interaction between demand and supply in the market, but the formation of prices that occur in agricultural commodities tends to be influenced from the supply side (supply shock), because the demand side tends to follow developments. trend (Prastowo et al, 2018). Food commodity prices formed at the user or consumer level are highly dependent on the efficiency of distribution activities. The efficiency of commodity distribution activities, known by the term 'trade system', is strongly influenced by the length of the distribution chain and the amount of profit margin set by each distribution chain. The shorter the chain and the smaller the profit margin obtained in each distribution chain, or in other words the commodity distribution process runs efficiently (Chambers, 2018).

Price is the main indicator that reflects the efficiency level of a market. Prices also drive resource allocation and decision-making by economic actors. Price transmission and market integration can be used as an indication of the efficiency formed between two interacting markets. Both vertical and spatial interactions (Meyer & Von Cramon Taubadel 2020). Perfect competition market is an ideal condition of a market which is a reference for the price transmission process and the level of integration between the two markets. According to Deaton (2021) price transmission will work perfectly if there is no friction and distortion in a market. Imperfect price transmission between two related markets causes inefficiency in resource allocation and reduces economic welfare below the maximum pareto equilibrium point. This means that perfect price transmission will lead to an efficient market. Price transmission is an analysis of the influence between markets, both spatial (geographical differences) and vertically (market chain differences) (Alexander 2021). Markets that adhere to the Law of One Price will transmit their prices symmetrically, so that if there is an increase in price in a market of origin, the price in the destination market will also respond to these changes and follow the prices formed.

Food subsidies/Rastra are policy instruments given to the bottom 40 percent of the income population with the aim of reducing the expenditure burden in meeting food needs (rice), which is one of their basic rights. So far, distribution has been carried out in the form of 15 kg of rice per month per KPM at a price of IDR 1,600 per kg

b. Methodology

The research method is quantitative descriptive research. Data collection techniques used surveys, observational and In Depth Interviews with Communities receiving cheap basic food packages in Bengkalis Regency. Data analysis used associative descriptive technique. The research variables are the amount of price, commodity, the ability of the community and the method of distributing subsidized low-cost basic food packages. Data collection was carried out by means of probability sampling with

Stratified random sampling of 1000 respondents in 11 (eleven) sub-districts of Bengkalis Regency.

c. Results And Discussion

The amount of the subsidy is calculated by referring to the food consumption in kg/capita/year stated in the Regulation of the Minister of Health Number 41 year 2014 concerning Guidelines for Balanced Nutrition. The Principles of Balanced Nutrition consist of 4 (four) Pillars which are basically a series of efforts to balance the outflow of nutrients and incoming nutrients by monitoring body weight regularly.

Furthermore, the calculation of the subsidy value is carried out with the following assumptions:

1. Total consumption in one family is the multiplication of per capita consumption per year multiplied by 4 people per household (based on survey results that the average pre-prosperous community in Bengkalis Regency has 3 and more dependents).
2. Determination of the weight of the per capita subsidy per year refers to the Key Performance Indicators (IKU) of Bengkalis Regency in accordance with the 2021-2026 Medium Term Development Plan (RPJMD) concerning the percentage of the poverty reduction target, which is an average of 0.13% so that the subsidized weight of subsidized food goods per capita per year by 0.13%.
3. Commodity Base Prices refer to Minister of Trade Regulation Number 7 of 2020 concerning Determination of Purchase Reference Prices at the Farmer Level and Sales Reference Prices at the Consumer Level and Market Prices in Bengkalis Regency.
4. Determination of the price subsidy value is calculated based on the average subsidy value of available staple goods.
5. In the distribution process, staple goods are packaged in one package using a goody bag that is specially designed and capable of accommodating packages of staple goods being distributed. Due to the geographical conditions in several sub-districts, where the village office and the houses of the pre-prosperous tend to be far from the sub-district office, it is necessary to set transportation costs so that there are no additional costs that must be incurred by the underprivileged community when distributing packages. Packaging and transportation costs will be borne by the Trade and Industry Office of Bengkalis Regency.

Based on the ability to pay the community according to survey results which show that the community has the ability to pay for basic food packages in the price range of Rp. 25,000 to Rp. 50,000, the calculation of the appropriate minimum subsidy value will be presented in 3 (three) scenarios as follows:

Scenario 1 = The weight of the subsidy is 0.13%, which is 1 times the percentage of the poverty reduction target in Bengkalis Regency. The measurement result is that the amount of subsidy from the government is IDR. 20.670, and the consumer's redemption price are IDR. 84.205,.

Scenario 2 = The weight of the subsidy is 0.26%, which is 2 times the percentage of the poverty reduction target in Bengkalis Regency. The measurement

result is that the amount of subsidy from the government is IDR. 41.341, and the consumer's redemption price are IDR. 63.534,.

Scenario 3 = The weight of the subsidy is 0.39%, which is 3 times the percentage of the poverty reduction target in Bengkalis Regency. The measurement result is that the amount of subsidy from the government are IDR. 62.011, and the consumer's redemption price is IDR. 42.864,.

Scenario 4 = The weight of the subsidy is 0.52%, which is 4 times the percentage of the poverty reduction target in Bengkalis Regency. The measurement result is that the amount of subsidy from the government with 5 commodities are IDR. 128.475, and the consumer's redemption price is IDR. 24.000,.

Scenario 5 = The weight of the subsidy is 0.65%, which is 5 times the percentage of the poverty reduction target in Bengkalis Regency. The measurement result is that the amount of subsidy from the government with 5 commodities are IDR. 123.000, and the consumer's redemption price is IDR. 31.850,.

From the calculation of the 5 scenarios above, the closest to the consumer's ability to redeem is scenario number 5 with 5 commodities

The determination of public perception of the distribution of subsidy packages for staple goods in Bengkalis Regency in 2022 that 52% of the public stated that the distribution of subsidy packages for staple goods in 2022 had been effective, while 42% stated that they were ineffective and not yet effective. The reasons given by the community for the ineffective or ineffective distribution of this package are:

1. Not all poor people get cheap basic food packages.
2. The distribution of food packages has not been budgeted for the cost of transportation of food packages.
3. Subsidized basic food assistance is not yet on target.
4. Commodities in basic food packages are not complete.
5. Package prices are still quite expensive and the quality is not in accordance with what is consumed by the public.

Meanwhile, some of the reasons put forward by the public who stated that it was effective were:

1. It has helped the economically weak community.
2. Be on time.
3. The package redemption price is according to ability

3. Conclusion

Based on the results and discussion, it can be concluded from this study as follows : The public's perception of the distribution of subsidy packages for staple goods in 2022 is effective. Determination of the weight of the per capita subsidy per year refers to the Key Performance Indicators (IKU) of Bengkalis Regency in accordance with the 2021-2026 RPJMD concerning the percentage of the poverty reduction target, which is an average of 0.13%. The amount of subsidy for packages of staple goods that are in accordance with the ability to pay for the community is a subsidy of 0.65%, which is 5 times the percentage of the poverty reduction target in Bengkalis Regency

4. Acknowledgment

Acknowledgments are extended to the Bengkalis State Polytechnic, the Office of Industry and Trade and the people receiving subsidized staple food in Bangkalis Regency, as well as researchers whose names and research results are used as references.

References

1. Alexander C, Wyeth J. Cointegration and market integration: an application to the Indonesian rice market. *Journal of Development Studies* 30(2), 2019, pp303-334
2. Bengkalis Regency Regional Regulation Number 3 of 2021 concerning the Bengkalis Regency Regional Medium-Term Development Plan for 2021-2026
3. Chambers MJ, Bailey RE. A theory of commodity price fluctuation. *The Journal of Political Economy*, 104(5), 2019, pp 924-957
4. Deaton A, Laroque G. On the behavior of commodity prices. *Reviews of Economics Studies*, 2021, pp 59, 1-23
5. Ginting, A.M. Economic impact and flood risk mitigation policies in DKI Jakarta and its surroundings in 2020. *Brief Info; Brief Study of Actual and Strategic Issues in the Field of Economics and Public Policy*, 2(1). 2020, pp 19-24.
6. Handoko R, Patriadi P. Evaluation of non-fuel subsidy policies. *Journal of Economic and Financial Studies*, 9(4). 2019, pp 42-64
7. Maulana A, Hudaya D. Local Government Efforts in Increasing Food Accessibility in the City of Bandung. *Journal of Urban and Regional Planning*, 4(1), 2021, pp 129-147
8. Meyer J, von Cramon-Taubadel S. Asymmetric price transmission: a survey, *Journal of Agricultural Economics*, 55(3), 2020, pp 581-611
9. Prastowo NJ, Yanuarti T, Depari Y, The influence of distribution in the formation of commodity prices and their implications for inflation, [Working Paper]. Jakarta [EN], Bank Indonesia, 2018
10. Presidential Regulation Number 59 of 2020 concerning Amendments to
11. Presidential Regulation Number 59 of 2020 concerning Amendments to Presidential Regulation Number 71 of 2015 concerning Stipulation and Storage of Basic Necessities and Important Goods.
12. Pujiati, N. The effect of fluctuations in the prices of basic and non-basic goods on demand and supply, *Journal of Economics & Education*, 17(2). 2020, pp 116-127
13. Regulation of the Minister of Health of the Republic of Indonesia Number 41 of 2014 concerning Guidelines for Balanced Nutrition.
14. Regulation of the Minister of Trade Number 49 of 2022 concerning the Management of the People's Cooking Oil Program.
15. Regulation of the Minister of Trade Number 7 of 2020 concerning Determination of Reference Purchase Prices for Farmers and Sales Prices for Consumers.
16. Regulation of the Minister of Trade of the Republic of Indonesia Number 57/M-DAG/PER/8/2017 Concerning Setting the Highest Retail Price for Rice.
17. Regulation of the President of the Republic of Indonesia Number 71 of 2015 concerning Stipulation and Storage of Basic Necessities and Important Goods.
18. Resnia R. Fluctuations in the prices of staple food goods (Bapok) and the purchasing power of low-income groups, *Research and Development Scientific Bulletin* 6 (2). 2020, pp 169-188

Open Access This chapter is licensed under the terms of the Creative Commons Attribution-NonCommercial 4.0 International License (<http://creativecommons.org/licenses/by-nc/4.0/>), which permits any noncommercial use, sharing, adaptation, distribution and reproduction in any medium or format, as long as you give appropriate credit to the original author(s) and the source, provide a link to the Creative Commons license and indicate if changes were made.

The images or other third party material in this chapter are included in the chapter's Creative Commons license, unless indicated otherwise in a credit line to the material. If material is not included in the chapter's Creative Commons license and your intended use is not permitted by statutory regulation or exceeds the permitted use, you will need to obtain permission directly from the copyright holder.

