



ANALYSIS OF INVESTMENT FEASIBILITY IN BROILER CHICKEN FARMING INSTRUMENTS IN KARAN BAYAT VILLAGE

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ABSTRACT:

This study aims to analyze the investment feasibility of broiler chicken farming in Karan Bayat Village, a region with high potential in the poultry agribusiness sector. A descriptive qualitative approach was used, with data collected through in-depth interviews, field observations, and document studies involving farmers, village officials, and related business actors. The results show that broiler chicken farming in the village is dominated by small to medium-scale businesses, employing two main rearing systems: independent and partnership-based. Key factors determining investment feasibility include feed prices, fluctuations in chicken selling prices, financial management, access to financing, and poultry disease risks. Most farmers perceive this business as profitable and feasible to develop, especially with good management and external support from the government and financial institutions. The study recommends strengthening business management, developing fair partnerships, and improving capacity and infrastructure as strategies to enhance competitiveness and investment sustainability.

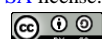
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INTRODUCTION

Indonesia's broiler chicken farming industry holds substantial potential to enhance the local economy, especially in rural areas. One of the key commodities to meet the population's animal protein needs is broiler chicken—a breed specifically raised for meat production. Alongside the increasing population and growing awareness of the importance of animal protein consumption, the demand for broiler chicken continues to rise. As a result, the broiler farming sector presents numerous opportunities for growth, including in agriculturally potential regions such as Karan Bayat Village.

Broiler chickens also offer several advantages, including rapid growth and the ability to reach considerable body weight within a short period, making them ready for slaughter at a young age.

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Their meat is tender and of high quality. Consequently, the broiler chicken farming sector in Indonesia continues to grow. This business provides income for farmers and helps fulfill the nation's food supply. However, to ensure long-term sustainability and profitability, feasibility evaluation is essential.

Broiler chicken meat is generally sold at an average price nationwide, making it a widely accessible and affordable source of animal protein compared to beef. As of October 28, 2023, the national average price of beef was Rp 134,480/kg, while chicken meat averaged Rp 34,730/kg. As a result, chicken serves as an alternative protein source for the community.

According to Novita (2021), livestock farming plays a vital role in building a country's economy and food security, particularly by supplying food derived from animals. The development of livestock farming is an essential component of national development, as it aligns with broader development goals. Investment feasibility analysis considers factors such as market potential, management, legal aspects, socio-economic and environmental impacts, as well as financial metrics.

A study by Adhi and Sarianti (2018) showed that implementing tiered cage technology in broiler farms could improve business efficiency and profitability. Another study by Daryanto and Elita (2014) at Berkah Sejahtera Farm found that broiler farming was financially viable, with a Net Present Value (NPV) of Rp 837,127,047 and an Internal Rate of Return (IRR) of 4,797%.

Fadhlorrohman et al. (2024) found that closed-house cage systems are more resilient to feed price and production fluctuations than open-house systems; however, they are more sensitive to reduced production and increased feed costs. On the other hand, collaborative approaches in broiler farming also present profitable prospects.

In a study conducted in Magelang, Primahard found that broiler farming under a partnership scheme was investment-worthy, producing a positive NPV of Rp 14,170,954. Additionally, Anggardha and Setiafindari (2023) found that the broiler business "Andien" expanded its cage capacity from 12,000 to 24,000 chickens, resulting in an NPV of Rp 4,936,714,867 and an IRR of 22.26%, indicating strong financial feasibility. Research in South Konawe Regency by Abadi et al. (2023) also showed profitable NPV and IRR figures for a farm with a capacity of 12,800 chickens.

Locally, a study by Purba (2023) in Tapak Meriah Village, Serdang Bedagai Regency, North Sumatra, showed that broiler farming had an NPV of Rp 1,385,329,471.48 and an IRR of 73.3%, proving the high feasibility of such business. Given the similar socio-economic and geographic conditions of Karan Bayat Village, these findings may also be applicable.

Furthermore, research by Firdaus and Pujotomo (2016) at CV. Mustika Semarang showed that broiler farming with a partnership model was feasible, with an NPV of Rp 1,200,000,000 and an IRR of 25%.

Previous studies have shown that the use of modern cage technologies and partnership models can enhance the efficiency and profitability of broiler farming. Some studies even demonstrate high NPV and IRR values, indicating strong financial viability. Therefore, a specific investment feasibility study is needed in Karan Bayat Village, which holds promising socio-economic and geographical potential for broiler farming development. This study aims to provide a comprehensive overview of the factors determining investment feasibility and farmers' perceptions of the business prospects in the region.

RESEARCH METHOD

Research Approach and Type

This study employs a descriptive qualitative approach with the aim of obtaining an in-depth understanding of the investment feasibility of broiler chicken farming in Karan Bayat Village. This approach was chosen to thoroughly explore the perspectives, experiences, and strategies of business actors and stakeholders, from economic, social, and environmental aspects.

Research Location and Period

The research was conducted in Karan Bayat Village, an area with notable agribusiness potential in the broiler chicken farming sector. The study took place from January to March 2025, covering the stages of observation, data collection, and analysis. Karan Bayat Village is located in Kencong District, Jember Regency—a region recognized for its agribusiness prospects in broiler farming. The research activities spanned from January to March 2025, including on-site observation, field data collection, and thematic analysis.

Research Informants

Informants were selected using purposive sampling, based on specific criteria relevant to the research objectives. The informants included:

- Small to medium-scale broiler chicken farmers in Karan Bayat Village
- Village officials and local livestock extension officers
- Business actors within the broiler chicken distribution chain
- Representatives from cooperatives or local financial institutions (if available)

The number of informants was determined based on data needs until reaching the point of saturation, where no new information was obtained.

Data Collection Techniques

Data were collected using the following techniques:

- In-depth interviews: Conducted with key informants to gather insights into their experiences, perceptions, and views regarding the feasibility of broiler chicken farming investment.
- Field observations: Conducted to directly observe the condition of the farms, facilities, and management practices implemented by farmers.
- Document studies: Involved collecting secondary data such as simplified financial records, production notes, market prices, and relevant government policies.

Data Analysis Technique

The data collected were analyzed using thematic analysis, which involves identifying, grouping, and interpreting the main themes emerging from interviews and observations. The analysis process included data reduction, data display, and conclusion drawing. Data validity was ensured through triangulation of sources and methods, as well as member checking by reviewing interview results with informants.

RESULTS AND DISCUSSION

1. General Overview of Broiler Chicken Farming in Karan Bayat Village

Karan Bayat Village holds significant agribusiness potential, particularly in the field of broiler chicken farming. Based on observations and interviews with various stakeholders, information was gathered regarding the condition of poultry farming in the village, which can be described through the following aspects:

a. Scale of Poultry Farming

Most broiler farms in Karan Bayat Village are classified as small to medium-scale businesses, with cage capacities ranging from 1,000 to 3,000 birds per cycle.

Table 1. Business Scale Categories

Business Scale Category	Capacity (birds)	Number of Farmers	Percentage
Small Scale	500 – 1.000	9	45%
Medium Scale	1.001 – 3.000	10	50%
Large Scale	> 3.000	1	5%
Total	-	20	100%

Source: Interviews and field observation data, 2025

b. Farming Systems

Two primary farming systems are commonly used in the village:

- Self-financing system: Farmers independently purchase day-old chicks (DOC), feed, and medication. Although the risks are higher, the potential profits are greater.
- Partnership system: Farmers collaborate with a core company to obtain production inputs and sell the harvest. Although the profits are smaller, they tend to be more stable.

Table 2. Farming Systems

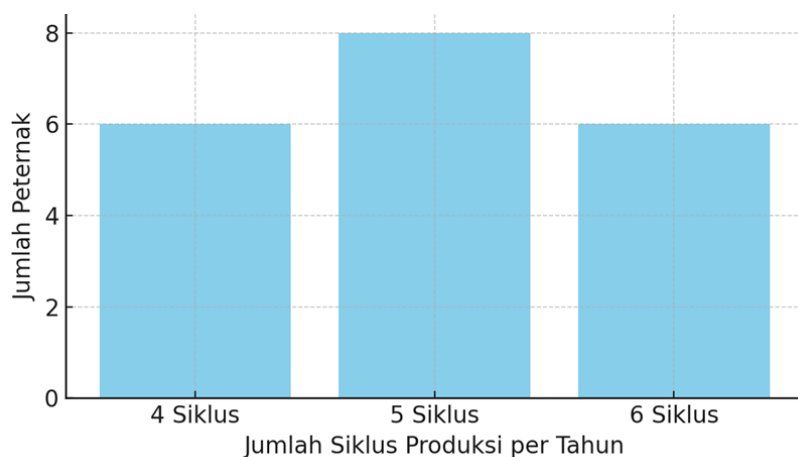
Farming System	Farming System	Farming System
Independent	12	60%
Partnership	8	40%

Source: Interviews and field observation data, 2025

c. Production Cycles

Most farmers conduct 4 to 6 production cycles per year, depending on market demand and available capital.

Figure 1. Distribution of Farmers by Production Cycle per Year in Karan Bayat Village



Source: Interviews and field observation data, 2025

d. Infrastructure and Supporting Facilities

Observations show that supporting infrastructure such as cages, feeders, and ventilation systems are still semi-permanent. Although some farmers have transitioned to simple closed-house systems, the majority still use open-house cages.

Table 3. Infrastructure and Supporting Facilities

Facility	Usage Status
Closed house cage	4 farmers (20%)
Open house cage	16 farmers (80%)
Ventilation	Manual
Water source	Dug/pumped wells

Source: Interviews and field observation data, 2025

e. Market Access

The main markets for broiler chickens are traditional markets in sub-district and district towns. Partner farmers sell directly to companies, while independent farmers sell through middlemen or collectors.

2. Key Factors Influencing Investment Feasibility

Based on interviews with farmers, extension officers, and market actors in Karan Bayat Village, several key factors were identified that influence the feasibility of investing in broiler chicken farming. These factors can be classified into economic, technical, and non-economic aspects, as follows:

a. Production Costs and Input Prices

The most critical factor is the price of feed, which accounts for 60–70% of total production costs. Increases in feed prices not matched by selling price increases can lead to losses.

Table 4. Production Cost Components

Cost Component	Percentage of Total Cost
Feed	60–70%
Medication & Vitamins	10%
Electricity & Water	5%
Labor & Miscellaneous	15–20%

Source: Interviews and field observation data, 2025

b. Chicken Selling Price

The selling price of broiler chickens tends to fluctuate, depending heavily on the season, market demand, and national economic conditions. This price volatility poses a major risk to investors.

c. Farming System

Farmers in partnership arrangements tend to have more stable incomes but with limited profit margins. Independent farmers, on the other hand, have higher profit potential but face greater risks.

d. Financial Management and Recordkeeping

Farmers with good cage management and financial records are better prepared to calculate cash flow, assess capital needs, and anticipate losses.

e. Access to Financing

Farmers who can access credit from cooperatives or village banks have more flexibility to expand their businesses. However, many still rely on personal funds or informal loans.

f. Disease and Climate Risk

Diseases such as Newcastle Disease (ND) and extreme weather conditions severely impact broiler productivity. Investments in this sector require strong biological risk mitigation (e.g., vaccination, biosecurity).

g. Government and Institutional Support

The presence of field extension officers, assistance from the Livestock Department, and access to training are key factors in supporting the feasibility and sustainability of broiler chicken businesses.

3. Farmers' Perceptions of Business Feasibility

Most broiler chicken farmers in Karan Bayat Village have a positive outlook on the feasibility of their businesses, despite facing various risks and challenges. Their perception of feasibility is influenced by personal experience, local market conditions, and the presence of external support such as agricultural extension services and access to financing.

a. Perceptions of Profit Potential

The majority of farmers stated that broiler farming remains profitable, particularly when cage management is well executed and market prices remain stable. Farmers find broiler farming to generate quicker returns compared to other agricultural ventures.

b. Perceptions of External Support

Farmers who receive guidance from extension workers or are in partnership with core companies tend to be more optimistic about the sustainability of their businesses. They feel more secure due to guaranteed purchases and consistent input supply.

c. Long-Term Commitment

Some farmers expressed a desire to continue or even expand their operations, especially younger generations who are beginning to see broiler farming as a viable alternative to irregular employment.

Table 5. Farmer Perceptions of Broiler Farming Feasibility

Statement	Percentage of Respondents
This business is profitable and worth continuing	70%
This business is risky but still feasible with proper management	25%
This business is not feasible due to high risk	5%

Source: Interviews with broiler chicken farmers, Karan Bayat Village, 2025

4. Implications for Investment Feasibility

The analysis results indicate that broiler chicken farming in Karan Bayat Village presents a fairly promising investment prospect, provided that risk management and institutional support are adequately addressed.

Broiler farming offers rapid capital turnover within 30–35 days per production cycle. This allows farmers or investors to generate positive cash flow regularly. In the context of Karan Bayat Village, production costs are relatively affordable, and access to local labor is easy.

a. Risks Can Be Managed with Proper Strategies

Although there are significant risks (such as price fluctuations and poultry diseases), farmers with good financial records and who apply biosecurity protocols are capable of maintaining profitability. Partnership schemes also serve as a risk-minimizing option, particularly for beginner farmers or those with limited capital.

b. Strategic Role of Government Support

The presence of livestock extension officers, technical training, and potential financial assistance from cooperatives or the Livestock Department provide essential non-financial support that strengthens investment feasibility. Regulatory interventions, especially in price control, also play a role in maintaining business continuity.

c. Long-Term Investment Appeal

Considering the increasing trend in chicken meat demand and growing consumption of animal protein, investment in this sector is deemed sustainable. The younger generation in the village is

beginning to show interest in farming businesses that incorporate technology and digital marketing approaches.

CONCLUSION

This study concludes that investment in broiler chicken farming in Karan Bayat Village is feasible, particularly when viewed from economic and social perspectives. The analysis reveals the following:

- Broiler farming in Karan Bayat Village is generally feasible, especially from an economic and social standpoint. Most farmers consider the business profitable, provided it is supported by sound management, stable market access, and adequate risk mitigation.
- The short production cycle (30–35 days) allows for rapid capital turnover, making the business attractive from a cash flow perspective.
- Risk factors such as feed price fluctuations and poultry diseases remain significant challenges, but these can be minimized through partnership systems and strict biosecurity measures.
- Government and local financial institution support play a crucial role in strengthening business resilience, particularly in providing access to training and financing.
- The younger generation is beginning to show interest in the broiler farming sector, especially with the integration of technology and digital-based marketing approaches.

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