

## ANALYSIS OF FINANCIAL FEASIBILITY OF GOAT BUSINESS CUT AS A FAMILY BUSINESS KATANGKA SUB-DISTRICT SOMBA OPU, GOWA DISTRICT

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### Abstract

*The purpose of this study was to analyze the financial feasibility of beef goat business as a family business in the Katangka Village, Somba Opu District, Gowa Regency. This type of research is a descriptive study with a quantitative approach, population and sample in this study business actors in the business of slaughtered goats in the Katangka Village, Somba Opu District, Gowa Regency. The results showed that the goat business that was run in the Katangka Village, Somba Opu District, Gowa Regency from the financial feasibility analysis was declared feasible and had economic benefits, as evidenced by the results of calculating the NVP value indicating that  $NVP > 0$ .*

**Keywords:** Feasibility, Finance

### INTRODUCTION

The community's need for livestock products will increase every year because the livestock business is one of the providers of protein, energy, vitamins and minerals which are much needed along with increasing public awareness of nutritional needs in order to improve quality of life. One of the livestock industries that has stood out from the past until now is beef goat farming, whether it is carried out by farmers or the community as a side business or savings. Besides that, to set up a beef goat farming business, it can be said that the capital used is lighter and the risk is relatively small in terms of losses. (Sunu, P 2022).

Based on the statement above, it can be concluded that setting up a goat business is an opportunity to gain profits with not too high a risk. However, this may not necessarily be the basis for running a business. According to (Sutejo, B. 2022) Before a business is established, business actors must have a thorough plan. The establishment of a business requires comprehensive planning so that the purpose of its establishment can be achieved. Business actors/breeders need to know the feasibility of the business to determine whether the business is feasible or not. Therefore it is necessary to do a business feasibility analysis to find out whether the established business is feasible or not to run. (Haloho, RD, & Saragih, CL 2021). If it is established without a feasibility analysis, it will have a very large risk because the investment that has already been issued and it turns out that the business that was established is not feasible, it will experience enormous losses and the funds that have been spent will be difficult to withdraw. (Sutejo, B. 2022).

According to (Arnold, PW, et al. 2022) Business feasibility is an activity to assess the extent of the benefits (benefits) that can be obtained in carrying out a business activity or project, called a business feasibility study. (Sutejo, B. 2022) explains that whether or not a business is feasible or not can be seen or measured through several aspects, namely, market aspects, technical aspects, legal and financial aspects are carried out to determine whether the business is feasible or not. In this business feasibility research will be measured or seen based on financial aspects.

According to (Omar. 2009; in Setiajatnika, E., & Gunadi, T. 2021) states that the financial aspect is an aspect related to the financial condition of a business both from the initial investment in the business and profits derived from the sale. The financial aspect is quantitative in nature and is used to analyze the funds needed to run a business. Furthermore (Syahsudarmi, S. 2020) explaining the financial aspect is an analysis that compares the costs and benefits to determine whether a business will be profitable or not during the life of the business.

In Gowa Regency, especially in the Katangka Village, Somba Opu District, there are many business actors in the business of slaughtering goats. This beef goat business is used as a source of livelihood to meet family needs. The initial capital spent to start this beef goat business is around five to ten million. The use of this capital is to build stables, equipment and so on, while the goats themselves are supplied by other parties or sold.

Most goat sales are sometimes erratic, but if you look at the trend, goat sales usually increase during qurban or Eid al-Fitr holidays and before the new year. The number of goats sold per month is approximately 20, if on holidays it can reach 50 or more. In addition, the selling price for the goat itself depends on its size, where large goats are around Rp. 2-2,500,000 million depending on the size of the goat, while medium-sized goats are around Rp. 1-2 million and small ones are around Rp. 1.5 million. The expenditure is usually for treatment or purchase of Medicines and Vitamins of Rp. 125,000 per bottle for 10 goats and it can be used for a month only as needed. Employees are paid approximately Rp. 500,000 per month. The income generated by this goat business can help improve the family economy because it can meet family needs and pay for children's school needs and other expenses.

Based on the results of field observations conducted by researchers, sales data were obtained in the last 3 periods which showed an increase in sales revenue, which illustrates that the business is quite good at making sales, more details can be seen in the table below:

**Table 1** Table of Sales for 2020-2022

Year	Description	Unit (Tail)	Sales revenue	Percentage Change	
				Unit (tail)	Sales revenue
2020	Sale of Goats	285	IDR 560,100,000	-	-
2021		333	IDR 653,700,000	16.84%	16.71%
2022		421	IDR 825,300,000	26.43%	26.25%

Source: Processed Data, 2023

Based on the data above, it can be seen that sales of goats in 2020 reached 285 heads with sales revenue of Rp. 560,100,000, in 2021, 333 goats were sold with sales revenue of Rp. 653,700,000 and in 2022 the number of goats sold was 421 with sales revenue of Rp. 825,300,000. The data also provides information that there has been an increase from year to year, both from in terms of the number of goats sold, from 2020 to 2021 it shows a percentage increase of 16.84% and 16.71% for increased sales, then in 2021-2022 it also increases to 26.43% followed by sales revenue of 26.25%. however, this does not necessarily indicate that the business is feasible or not, so it is necessary to carry out an analysis to see whether the business can provide positive prospects for doing so or can actually be detrimental.

Research on the feasibility analysis of goat business has been done. As research conducted by (Taek et al., 2021) entitled Analysis of the Feasibility of Beef Cattle Livestock Business in Raimanuk District, Belu Regency. Based on the results of his research, it shows that the NPV value is  $> 0$ , this means that the beef cattle business in Raimanuk District, Belu Regency is financially feasible. Further research is carried out (Kurniawan, 2018) entitled Analysis of the Feasibility of Tofu Gemilang in Karawang. Based on the results of his research, he explained that in terms of accounting value the business shows profits and in terms of NVP calculations or in terms of economic value it also shows that the "Gemilang" tofu business is feasible to develop because it meets the requirements for an NPV value which must be greater than zero. Based on the explanatory data above, the purpose of this research is to analyze the financial feasibility of beef goat business as a family business in Katangka Village, Somba Opu District, Gowa Regency.

## METHODS

This type of research used is descriptive quantitative research. Sources of data in this study are primary data and secondary data. The sample in this study were business actors in the Katangka Village, Somba Opu District, Gowa Regency. The collection technique used to obtain the data and information needed in the research consisted of primary data which was data obtained through observation, discussion and direct interviews with business actors in the beef goat business in Katangka Village, Somba Opu District, Gowa Regency using a questionnaire and a list of questions. has been prepared. Secondary data is data obtained from searching related literature such as books, journals, and those related to this research.

## RESULTS AND DISCUSSION

### Investment Cost

Investment costs are costs that are generally incurred at the start of business establishment activities or at the time the business is running to obtain benefits several years later. Usually investment costs have an economic life of more than one year. Investment expenditure in the goat business, namely with own capital for the manufacture of cages and warehouses and cage equipment, or can be seen in table 2 shows that the initial investment expenditure for the goat business is Rp. 5,625,000.

**Table 2** Initial Investment in Beef Goat Business

No	Cost component	Mark
1	Making Cages and Warehouses	IDR 3,125,000
3	Cage Equipment	IDR 2,500,000
	<b>Total Initial Investment</b>	<b>IDR 5,625,000</b>

Source: Primary Data Analysis, 2023

Based on the table above, it shows that the biggest investment costs are making cages and warehouses of Rp. 3,125,000 then for the cost of cage equipment, which is Rp. 2,500,000.

### Operating costs

According to (Supriyono, 2011:43; in Fansuri, DS 2022) Operational costs are costs that are directly related to the implementation of working capital, or it can be said that operational costs are costs that are used to fund the physical inputs of the business being run apart from the capital costs incurred. The operational costs are divided into two types including fixed costs and variable costs. For more details, it can be seen in the following table, the average total operational costs incurred from 2020-2022 in the goat business can be seen in Table 3

**Table 3** Average Total Operating Costs for 2020-2022

No	Cost component	Year (Rp)		
		2020	2021	2022
	<b>Fixed cost</b>			
1	Wages	18,000,000	18,000,000	18,000,000
	Retribution Fee	504,000	504,000	504,000
	<b>Total</b>	<b>18,504,000</b>	<b>18,504,000</b>	<b>18,504,000</b>
	<b>Variable Cost</b>			
2	Drugs and Vitamins	2,040,000	2,386,800	3,007,368
	Transportation	3,900,000	4,563,000	5,931,900
	Electricity & Water	360,000	360,000	360,000
	<b>Total</b>	<b>6,300,000</b>	<b>7,309,800</b>	<b>9,299,268</b>
	<b>Total cost</b>	<b>24,804,000</b>	<b>25,813,800</b>	<b>27,803,268</b>

Source: Primary Data Analysis, 2023

**Fixed cost** are costs incurred that are independent of the size of production or in other words the amount of these costs is not affected by an increase or decrease in the number of goats produced. The fixed cost components incurred in the beef goat business consist of Labor and Retribution Costs. Based on the table above, the average labor cost incurred in 2020-2022 is IDR 18,000,000 per year. Meanwhile, the levies incurred in 2020-2022 amount to IDR 504,000 per year. The overall average fixed costs incurred during the period 2020 to 2022 are IDR 18,504,000 per year.

**Variable cost** are costs that vary in proportion to the quality of production or sales volume (Mulyadi, 2016; in Baiq Widia, A. 2023). The variable cost components in the beef goat business consist of medicines and vitamins, transportation, electricity and water. Based on the table above, it shows that the cost of Medicines and Vitamins incurred in 2020 is IDR 2,040,000 while for 2021 it is IDR 2,386,800 and in 2022 it is IDR 3,007,368. Furthermore, transportation costs in 2020 are Rp. 3,900,000 and in 2021 it will be Rp. 4,563,000 then in 2022 it will be Rp. 5,931,900. The last cost incurred is for electricity and water needs where the average expenditure for the last three years 2020-2022 is IDR 360,000. Overall, the total expenditure for variable costs in 2020 is IDR 6,300,000, then in 2021 it will be IDR 7,309,800 and in 2022 it will be IDR 9,299,268. Data above total operational costs continued to increase from 2020 of Rp. 24,804,000 then in 2021 it was Rp. 25,813,800 then in 2022 it was Rp. 27,803,268. This is allegedly triggered by high consumer demand every year as evidenced by the amount of business income or more details can be seen in the income table below.

### Business Acceptance

Receipt of slaughtered goats is gross income that has not been deducted by the costs or expenses incurred. This revenue is obtained from the total sales of goats per head. Following are the details of acceptance:

**Table 4 Business Revenue (Gross Income)**

Year	Description	Unit (Tail)	Income (Before Deducting Expenses)
2020	Goat Sold	285	IDR 560,100,000
2021	Goat Sold	333	IDR 653,700,000
2022	Goat Sold	421	IDR 825,300,000

Source: Primary Data Analysis, 2023

Based on the data above, it can be seen that revenue in 2020 was IDR 560,100,000 with the sale of 285 goats, then in 2021, namely IDR 653,700,000 the number of goats sold was 333 heads and in 2022 it was IDR 825,300,000 while the number of goats sold was 421 heads.

### Net Operating Income (Net Profit)

Revenue from the goat business is obtained from the difference between the revenue obtained and the total fixed costs, variable costs and cost of goods sold. The following presents details of the income or net profit of the goat business.

**Table 5 Net Business Income**

Income statement	Year 2020 (IDR)	Year 2021 (IDR)	Year 2022 (IDR)
Goat Sales Revenue	560,100,000	653,700,000	825,300,000
Cost of Sales of Goats	470,050,000	549,250,000	694,450,000
Operating Expenses	24,804,000	25,813,800	27,803,268
<b>Net profit</b>	<b>65,246,000</b>	<b>78,636,200</b>	<b>103,046,732</b>

Source: Primary Data Analysis, 2023

From the results of the calculation above, the net profit of the goat business in 2020 is IDR 65,246,000, while for 2021 it is IDR 78,636,200 and finally in 2022 it is IDR 103,046,732. The net income is obtained from the proceeds from the sale of goats, then reduced by the cost of sales of goats (expenses that must be paid or deposited to the owner of the goat) minus operational costs. If seen from the data above, the sales revenue of slaughtered goats has increased every year, this is

because the goat business itself has a clear market share, and of course accompanied by high demand from the community, especially every year on Eid al-Adha as well as akikah. , Eid al-Fitr and people's daily consumption. This can also be seen in table 1 where the trend of the number of goats sold each year has increased. Of course, this has had a significant impact on sales revenue, as the demand for goat meat has never stopped.

### Analysis of Financial Feasibility of Beef Goat Business

According to (Agus Harjito & Martono, 2003) Investment project decision making is primarily based on economic and accounting considerations, because a business may be feasible from an accounting point of view but not necessarily feasible from an economic viewpoint when considered from the time value of money. In this study the method used in measuring business feasibility in terms of economic benefits using the NPV method is a method for finding the difference between the present value of net cash flows (proceeds) and the present value of an investment (outlays). From the results of research data analysis, using a discount rate of 20%, more details can be seen in the table below:

**Table 6.** Net Present Value of Beef Goat Business

Period-N	Cash In Flow	Cash Out Flow	Net Cash Flow	PV factor	PV
0	IDR -	IDR 5,625,000	-IDR 5,625,000	1	-IDR 5,625,000
1	IDR 560,100,000	IDR 494,854,000	IDR 65,246,000	0.83	IDR 54,371,667
2	IDR 653,700,000	IDR 575,063,800	IDR 78,636,200	0.69	IDR 54,608,472
3	IDR 825,300,000	IDR 722,253,268	IDR 103,046,732	0.58	IDR 59,633,525
<b>Total Net Cash Flows</b>			<b>IDR 246,928,932</b>	<b>NPV</b>	<b>IDR 162,988,664</b>

Source: Primary Data Analysis, 2023

From the results of the analysis above, the NVP value obtained was Rp. 162,988,664. This indicated that the NPV value was  $> 0$ . So it can be concluded that the goat business is feasible to run. Then to go deeper and ascertain whether the business can be said to be feasible or not, it is also necessary to calculate accounting profits where this will calculate total income minus total expenses so that profits are obtained. For more details, see the following table:

**Table 7 Profits of Beef Goat Business**

Year	Total income	Total Expenses/Charges	Profit
<b>2020</b>	IDR 560,100,000	IDR 494,854,000	IDR 65,246,000
<b>2021</b>	IDR 653,700,000	IDR 575,063,800	IDR 78,636,200
<b>2022</b>	IDR 825,300,000	IDR 722,253,268	IDR 103,046,732

Source: Primary Data Analysis, 2023

Based on the table above, it shows that in terms of accounting profits, it can be concluded that the beef goat business is feasible to run, seen from the average profit obtained in 2020 of IDR 65,246,000 then in 2021 it will be IDR 78,636,200 and in 2022 it will be IDR 103,046,732.

The results of the data analysis as a whole show that the goat business as a family business in the Katangka Village, Somba Opu District, Gowa Regency is proven feasible to run where the results of the calculation of the financial feasibility analysis are viewed from the advantages of economic value where this refers to the financial benefits obtained from a decision or project. This involves assessing the true value of an investment based on the cash flow generated. In this research the method used is NPV (net present value) to evaluate the economic benefits of the project by taking into account the time value of future cash flows. A positive NPV indicates that the business is economically feasible.

This study indicates that the beef goat business has a positive NPV (Rp 162,988,664). That is, the present value of the cash flows generated by this business after deducting the initial investment costs is greater than zero. This indicates that the project has the potential to generate a financial return that exceeds the investment cost within the specified timeframe. The application of the NPV method in this business feasibility study considers the time value of money and provides a holistic

view of the expected economic benefits of a business. By having a positive NPV, it indicates the potential for a profitable return on investment and is worth pursuing.

The results of the financial feasibility research in terms of accounting profit also show that this business has strong financial feasibility and is feasible to run. This is also evidenced by the analysis of the financial statements of the goat business showing good profits with a stable net profit from year to year. High and consistent profit levels indicate that this business is capable of generating adequate net profit. This indicates that the business is able to manage revenues and costs efficiently, resulting in significant profits. Based on the results of the business feasibility study based on accounting profit, it can be concluded that this business has solid financial feasibility and is feasible to run. With good profitability, positive financial health,

## **CONCLUSION**

Based on the results of the research analysis related to the Financial Feasibility of Slaughter Goat Business as a Family Business in the Katangka Village, Somba Opu District, Gowa Regency, the conclusion is obtained. The results showed that the NVP value was  $> 0$  which explained that the beef goat business had a positive NPV. That is, the present value of the cash flows generated by this business after deducting the initial investment costs is greater than zero. This indicates that the project has the potential to generate a financial return that exceeds the investment cost within the specified timeframe. So it can be stated that financial feasibility in terms of economic benefits gives positive results and is feasible to run. Based on the results of the study, it shows that the goat business continues to benefit in running its business where these profits are a reflection of financial feasibility in terms of accounting, this explains that businesses are able to manage income and costs efficiently, resulting in significant profits. So it can be stated that financial feasibility in terms of accounting profit gives positive results and is feasible to run.

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