

# Business Improvement of Virgin Coconut Oil (VCO) in Jember Lor Village, Patrang District, Jember Regency

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## ABSTRACT

This time the Community Partnership Program (PKM) partners are Home Industries (IRT), namely Virgin Coconut Oil (VCO) Entrepreneurs. VCO is oil produced from pure coconut through a fermentation process, without using preservatives. The benefits of this oil in addition to maintaining health and stamina, can also cure all kinds of diseases. Besides being drinkable, this VCO can be used as an external medicine, namely as a topical medicine for wounds on the body. The problems faced by PKM partners this time are as follows: 1) The equipment for the VCO production process is still limited. The grated coconut used to grate coconut meat is still traditional, namely manual coconut grater. 2) There is no proper recording of financial statements in order to know the profit/loss of VCO oil production business. Thus, Mr. Agung's VCO oil production business requires: 1) Procurement of an electric coconut grater 2) Mentoring for the preparation of financial reports.

**Keywords:** Coconut, Financial Statement, Home Industry, VCO

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## 1. INTRODUCTION

Pure coconut oil or virgin coconut oil (VCO) is an oil made from the main ingredient of coconut by going through various stages of processing, which has benefits besides being able to increase endurance, it can also help speed up the healing process (Sabariyah et al., 2023). In line with the opinion of Aziz et al. (2017) who said that virgin coconut oil is a processed product from coconut meat in the form of a clear, tasteless liquid with a distinctive coconut odor which is useful for increasing the human body's resistance to disease and speeding up the process healing. The use of VCO oil besides being used as an external medicine or topical medicine, can also be drunk directly (Fatimah et al., 2021). Considering that the oil is made from pure coconut, drinking it directly is not harmful to health as long as it is not excessive (Valente et al., 2018).

In producing VCO oil, each manufacturer has different techniques, some process pure coconut as the main ingredient of VCO oil without mixing it with any other ingredients, but it is not uncommon for some people to include the mixture as an additional ingredient to further improve the quality produced. Basically, their goal is the same, namely how to produce quality VCO products that are in great demand by the public. VCO oil is said to have good quality if the product produced is colorless and odorless. For example, as was done by previous researchers (Nodjeng, Fatimah, & Rorong, 2010), he stated that one alternative in improving quality, activity and the level of consumer acceptance of VCO is to add natural ingredients that contain functional components. One such natural ingredient is fruit and spices. Likewise Asy'ari and Cahyono (2006) which states that the standardization of VCO oil products is a standard and integrated analysis stage that aims to guarantee quality, efficacious and durable (durable) VCO oil products.

The Community Partnership Program this time was carried out at the Home Industry (IRT) entrepreneur of Virgin Coconut Oil (VCO), namely Mr. Agung Sudibyo, whose address is at Jl. Sunan Muria No. 6 Jember (According to KTP). Currently he no longer lives at that address, because the house has been sold to overcome the problems that had put him down. Now he lives in a simple rented house with his wife and four children, which is located at Jl. Cempedak No. 19, Jember Lor Village, Patrang District, Jember Regency by becoming a new entrepreneur as a VCO entrepreneur. The journey of life that had made him fall and slump did not dampen his enthusiasm to start a new business. The entrepreneurial spirit that he has had for a long time, as well as the support of his wife and four children, have made him not afraid to get up and start a new business.

Mr. Agung Sudibyo started the VCO business in early 2018. Initially only assisted by his wife, Mr. Agung's VCO production business turned out to be in great demand by the community. Not a few people who know the product, consume it and have become loyal customers of Mr. Agung's VCO oil. Not infrequently he also refuses the requests of several consumers because the VCO stock has run out. However, the amount of VCO produced by his wife is still not enough to meet market needs that are interested in VCO oil. Based on this increasing consumer demand, finally in 2019 Mr. Agung recruited 4 neighbors to become his employees, so that in one production process, they could produce large amounts of VCO oil. Mr. Agung does not recruit distant people as his employees, because his intentions are truly noble, he wants to create jobs for residents around where he lives, to help the surrounding community in increasing family income. Here are some photos during the VCO production process, including the following:



**Figure 1.** Coconut Peeling Process  
Sources: Survey (2023)

Since the beginning of this business was founded, the production process of Mr. Agung's VCO is still done manually. Assisted by his wife and four employees, the process of peeling, extracting coconut meat from the coconut shell, grating the coconut, filtering the coconut milk, fermentation and packaging, is all done manually. However, even though the production process is done manually, Mr. Agung tries to make his VCO production a quality product. Mr. Agung tries so that the VCO he produces does not disappoint customers, one of which is to keep the oil from being dark in color and odorless. Working on VCO manually does not discourage him from continuing through the correct production process and according to VCO oil production standards. With his commitment to produce good quality products, his efforts were not in vain, as evidenced by the increasing demand for VCO oil from time to time.

We interviewed Mr. Agung's VCO customer, who happened to be when we made initial observations at partner locations, there were consumers who bought VCO, we did not waste this opportunity, we immediately interviewed him. The consumer said that this was not the first time he had purchased Mr. Agung's VCO oil, in fact he has been a regular customer since 2018. The consumer admitted that the VCO oil produced by Mr. Agung apart from having good properties, the oil is colorless and odorless. This is something that is rarely found in other VCO oils.

From a business management standpoint, Mr. Agung's VCO production still does not meet good business management standards. This is based on facts in the field where Mr. Agung does not yet have financial reports that should be owned by entrepreneurs like him, including 1) a

structured production plan has not been prepared for production cost efficiency, 2) there are no financial reports to find out the profit/loss of the VCO production business .

Based on the previous explanation, Mr. Agung Sudibyo's Virgin Coconut Oil (VCO) production business is done manually. There is no adequate equipment used by Mr. Agung to assist in his VCO oil production process. Mr. Agung grated the coconut meat using a coconut grater which is usually used by housewives. Therefore, the limited equipment in the production process is an obstacle to the lack of speed in the VCO production process so that Mr. Agung feels overwhelmed in meeting market demand.

Apart from the limited equipment, Mr. Agung's VCO production business does not yet have a preparation/recording of financial statements to determine the profit/loss of his VCO production business. In buying and selling transactions, Mr. Agung sometimes issues purchase receipts only to consumers who ask, but if not, Mr. Agung does not issue purchase receipts. Of the things that were not recorded, the amount of income for Agung was not clearly identified.

Based on the problems experienced by Mr. Agung in running the Virgin Coconut Oil (VCO) business, namely not having an electric coconut grater and financial reports that do not meet financial reporting standards, the solution that can be taken is to procure a Coconut Grated Tool and mentor the preparation of financial reports. Procurement of a tool in the form of an electric coconut grater is one of the solutions to partners' problems, bearing in mind that the process of making VCO which has been carried out by Mr. Agung so far is still done manually using ordinary grated coconut, as is done by housewives. A manual process like this will certainly make product completion quite long and quite draining. Furthermore, for mentoring the preparation of financial reports, it is no less important. So far, Mr. Agung, who is assisted by his wife and four employees, only records how much VCO oil is produced in one production, how much is sold, but there has never been a record according to standard financial reports that can show how much capital is needed to run an oil-making business. VCO, how much will be spent and how much profit will be obtained in one production.

The target of the Community Partnership Program (PKM) activities carried out in the Virgin Coconut Oil (VCO) Home Industry (IRT) is to provide solutions to the problems faced. The problem faced by Mr. Agung as the business owner is that he does not have an electric grater that can help complete the production of VCO oil more quickly. Thus the target for this PKM activity this time is that Mr. Agung's IRT Virgin Coconut Oil (VCO) must have an electric coconut grater. The expected target must be realized considering that this business really needs equipment assistance and assistance in improving financial reports. If the target has been reached, Mr. Agung's VCO oil production process will be completed quickly in each production, can meet market demand, and regarding financial administration will also be more tidy. The sustainability of this business in the future is expected to be able to market Virgin Coconut Oil (VCO) with a wider market reach, for example across provinces and across islands. If the market reach is wider, it is unlikely that Mr. Agung will add more employees to assist in the VCO oil production business.

## **2. METHODS**

The method for implementing the Community Partnership Program (PKM) for Virgin Coconut Oil (VCO) Home Industry (IRT) in the Jember Lor sub-district, Patrang District, Jember Regency as a result of the development from Sulistyan (2020) is as follows:

1. Identify the problems faced by partners
2. Procurement of equipment needed by partners.
3. Technical Guidance in the preparation of Financial Reports

In the process of identifying partner problems, both through information from the business owner, namely Mr. Agung, and based on direct observations in the field, it shows that there are two partner problems, namely the first, the Virgin Coconut Oil (VCO) business run by Mr. Agung does not yet have an electric coconut grater . So far, coconut as the main raw material for making VCO oil is grated using a manual grater, as is done by housewives in general. Secondly, the

financial reports of Mr. Agung's business are still written in an ordinary notebook, then only record the amount of VCO oil produced and the number of products sold. This record does not really show how much profit Agung actually earned in one production or each period.

Based on these problems, then the Community Partnership Program activities provide solutions to partner problems. In providing a solution to the first problem where Mr. Agung's business is still manually grating coconut as the main raw material for VCO oil, the servant will provide an electric grater. This is intended so that the production process of Virgin Coconut Oil (VCO) can be completed more quickly and the grated coconut will be more hygienic because it is not touched by human hands. The more hygienic the production process, the higher the quality of the VCO oil produced, which is colorless, odorless and more durable.

The solution carried out by the Community Partnership Program (PKM) for the second partner problem, namely the financial reports of Mr. Agung's VCO oil business which is still not standardized with financial reports, requires technical guidance in preparing business financial reports. This technical guidance was carried out so that Mr. Agung better understands what items should be included in the financial statements to find out the actual costs incurred and the amount of profit earned in each period. This technical assistance is not only carried out once, but several times until the partner really understands the correct financial reports. PKM servants have also planned that after this PKM activity ends, assistance will also continue to be carried out, especially for the preparation of business financial reports.

### 3. RESULTS AND DISCUSSION

The results and outcomes achieved from the Community Partnership Program (PKM) activities carried out at the Virgin Coconut Oil (VCO) Home Industry (IRT) in the Jember Lor sub-district, Patrang sub-district, Jember Regency are as follows:

1. Providing tool assistance in the form of an Electric Coconut Grater to partners so that the production process for making VCO oil is completed more quickly, does not drain energy, and the grated coconut is more hygienic because it is not touched by human hands.
2. Technical guidance carried out by servants regarding the preparation of partner business financial reports, can help partners have standard business financial reports that provide information on how much the partner actually spent, and how much profit was earned for each production.



**Figure 2.** Provision of Equipment Assistance  
Source: Researcher Survey (2023)

After the solution to the partner's problems is carried out, the plan for the next stage of Community Partnership Program (PKM) activities for the Virgin Coconut Oil (VCO) Home Industry (IRT) in Jember Lor village, Patrang sub-district, Jember district is as follows:

1. Assistance in the preparation of financial reports on an ongoing basis, so that Mr. Agung continues to be consistent in preparing financial reports.
2. The servant still found some limitations of Mr. Agung's VCO oil business, so that this will become material for the next period's Community Partnership Program (PKM). For example: a) marketing that is still spread by word of mouth and has not used promotions

through social media, b) then in the process of squeezing the grated coconut, it is still done manually by hand so an automatic coconut squeezer is needed so that the coconut milk produced is truly hygienic.

#### 4. CONCLUSION

The conclusions from the Community Partnership Program (PKM) activities carried out at the Home Industry (IRT) Virgin Coconut Oil (VCO) in the Jember Lor sub-district, Patrang sub-district, Jember district are (1) IRT Virgin Coconut Oil (VCO) which was founded by Mr. Agung have problems with the lack of availability of equipment to support the production process, so the electric coconut grater provided by the PKM Program is very useful. (2) Virgin Coconut Oil (VCO) IRT do not yet have financial reports that are in accordance with business standards, so the technical guidance provided through the PKM program is very useful for Mr. how much profit is earned each period.

Suggestions for the Home Industry (IRT) of Mr. Agung's Virgin Coconut Oil (VCO), namely (1) Mr. Agung should always innovate in the products he produces, for example for VCO oil products packaged using attractive packaging or bottles and easy to carry anywhere by consumers. (2) It is better to be able to keep abreast of any changes, for example in the VCO oil business as it is now, product marketing cannot only be done by word of mouth, but must be intensively promoted through social media such as WhatsApp, Instagram, Tiktok, Facebook, Market place. Given that currently everything is digital, promotions using social media can quickly inform Agung's VCO oil to all levels of society.

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