

Coorporation-based partnership model with the partnership authorities solution for inproving broiler agribusiness partnership system in increasing partner income

by M Ridwan

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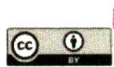
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Abstract. This study aims to describe the cooperative-based broiler agribusiness partnership model and the role of the partnership authority as an alternative solution to improve the performance of the broiler agribusiness partnership system in increasing the income of partner farmers. This research was conducted in South Sulawesi with a quantitative descriptive approach based on expert judgment. The results of the study show that the concept of a vertically integrated partnership is not a guarantee of the creation of the expected partnership, as long as the partnership model has the main motive of the business to seek and obtain maximum benefits, the results will not be maximized. The cooperative-based broiler chicken agribusiness partnership model is a partnership development model in which the role of the core company that has been controlled by livestock production facility producers is expected to experience a balance change set by the partnership authority. With the cooperative-based partnership model, the position of farmers who have only been and enjoying income in the farming sub-system will have the opportunity to obtain a share of income in the upstream sector through the distribution of the remaining business results from cooperative membership so that the potential for increased income is wider. Thus theoretically, if the concept runs well, it is expected that it will be a solution to the problem of developing broiler chicken agribusiness partnerships so far that seem unable to be controlled by existing institutions and unable to provide broad income increases for partners and their stakeholders, of course assuming that the concept works ideally with the support of all components involved in it without the intervention of political behavior as has been feared so far where a number of parties accuse political interests playing behind this industry.

1 Introduction

The development of a vertically coordinated partnership model through vertical integration patterns that have been developed by many broiler chicken agribusiness partners in South Sulawesi, theoretically able to increase the income of breeders, partners and other stakeholders have not been able to deliver the performance as expected, the concept of vertically integrated development actually to become very profitable for livestock production facility producing companies to conduct monopolistic practices of production facilities and to foster cartel practices among the companies producing these production



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facilities. This is further strengthened by the inclusion of chicken meat in six food commodities that have the potential for cartels in Indonesia besides beef, sugar, soybeans, corn, rice. As an indication of a cartel, the price of meat in Indonesia can be fluctuatif and unreasonable. In fact, the price is the most expensive in the world.

Upstream chicken industry is an industry that follows a pattern of lower production costs if the scale of business is increased, namely the industry that must be relatively large in order to be efficient, so that it requires a large market. Theoretically to increase the DOC market's absorption capacity, core companies can increase plasma. However, increasing the amount of plasma is not easy and requires cost, time and risk. The alternative taken by livestock companies is to do their own farming and implement a DOC cartel to compensate for reduced profits due to reduced production. This becomes one of the reasons why the DOC cartel continues and why when Presidential Decree No. 50 of 1981 forced the nursery out of cultivation it was not operational and why the nursery still has a cultivation business. As a result, core companies are not serious in handling plasma development and focus more on their own cultivation business.

The same problem again began to plague the broiler chicken agribusiness partnership system in South Sulawesi, the re-entry of the production facility producer company which is a partnership management company that has developed so far into the breeding sector by managing its own farm. The entry of breeders in the breeding sector and not exporting results in frequent oversupply in the domestic chicken meat market and the company is not serious about handling plasma development because it is more focused on the development of breeding that they manage themselves, in addition to the growing population they own it will have an impact on the uptake of the number of farmers involved in the partnership system, they will be more selective to maintain large-scale farmers with a greater profit level with less risk, this will further strengthen the impression that the partnership is only to increase company income, core exploitation and discrimination of farmers will be increasingly rampant, the concept of coaching and development will be increasingly blurred and even will disappear.

Based on these problems, the concept of partnership with all existing alternatives must be returned to the initial concept of the development of the partnership model, namely the creation of a win-win solution, the realization of resource sharing and risk sharing based on the principle of mutual need, mutual strengthening and mutual benefit, so as to create a partnership system that serves and enhances the welfare of the community of farmers who are members of the partnership (breeder partners) through coaching and empowerment. In other words, business partnership is a cooperative relationship between businesses that is based on the principle of mutual support and mutual support based on the principles of family and togetherness [1].

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2. Research methods

2.1. Time and place

This research was conducted in March-June 2016, located in Makassar, South Sulawesi, which is one of the broiler chicken agribusiness development areas through a partnership pattern.

2.2. Data types and source

Consisting of primary data and secondary data, primary data sourced from interviews with a number of components of the partnership business, namely farmers, associations and the community including academics and bureaucracy related as well as direct observation of the object being studied include, partnership models that are able to provide maximum performance in increasing the income of all stakeholders involved, as well as how the development strategy of the partnership model that has been designed. While secondary data are sourced from supporting documents or literature available from various

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sources both in the form of books, reports on the implementation of partnerships, research reports, archives of agencies or related agencies.

2.3 Data Analysis

This research was carried out in South Sulawesi with a descriptive approach to describing the broiler agribusiness model that has maximum performance in increasing the income of all stakeholders involved in the system, by understanding the phenomena experienced by the research subjects holistically and by means of a description in the form of words and language, in a special natural context and by utilizing various scientific methods [2].

3. Result and discussion

From a number of partnership contract farming models [3–10] distinguishing five Contract Farming models namely: centralized model, core plantation model, multipartite model, informal model and intermediary model. These models differ in the type of contractor, product type, intensity of vertical coordination between farmers and contractors, and the number of key stakeholders involved. The concept of a vertically integrated partnership does not guarantee the creation of partnerships as expected [11]. Commitment and good intentions of the partnership will become an important part in its development, as long as the partnership model is based entirely on the business motive to seek and obtain the maximum benefit, then as good as any concept exists, the results will not be maximized as expected. Institutional partnership is a business strategy carried out by two or more parties within a certain period of time, to achieve mutual benefits with the principle of mutual need, benefit and strengthen by taking into account moral and business ethics responsibilities which are the initial foundation of implementing partnerships [12].

3.1 Management Problems in developing Broiler Chickens Agribusiness Partnerships

The weak role of the government is one of the factors causing unethical practices in the development of broiler chicken agribusiness partnerships, functions as a facilitator, regulator, motivator that must harmonize relations between actors so that they can interact proportionally and exploitation does not go well, the government should provide protection to the people's breeders from exploitation in cooperation with industry, so that it will be able to produce a profitable business for all parties.

In accordance with the mandate of PP No. 6 of 2013 concerning Farmer Empowerment that the involvement of central and local governments in this partnership is to provide guidance in implementing partnerships, treat farmers as assets that must be properly maintained and fostered, empowerment of farmers must be carried out by the government up to the regional level, the aim of which is to increase independence, providing convenience and business progress and increasing competitiveness and welfare of farmers.

The government position represented by the local Animal Husbandry Agency must know each livestock business activities either with plasma or other core patterns, to prevent any indication of exploitation of farmers / plasma. Farming companies that violate regulations must be dealt with firmly by proposing revocation of their business licenses to the local regents / mayors, in accordance with Minister of Agriculture Decree No. 404/Kpts/OT/210/6/2002 concerning Guidelines for Licensing and Animal Husbandry Business Registration. The implementation of these regulations on the ground requires concrete escorts and movements, so that they can be effective, clear mechanisms and mechanisms for implementing the regulations need to be developed and made. But unfortunately the strategic role that is given based on existing regulations cannot be utilized maximally to carry out coaching development as well as supervision and action against problems that have occurred so far.

The role of the existing partnership association cannot be expected to provide maximum contribution, the existing association is not able to function as a credible institution in the eyes of broiler agribusiness partnership partners, the price determination of broiler chickens released by the association periodically

does not go well, all its decisions easily violated by existing partnership actors without the ability to provide action due to the absence of great authority for it

3.2 Partnership Authority Agency as a Solution

The establishment of a partnership authority as a form of institutional reform is very urgent, this is because of the non-functioning role of the government in this case the animal husbandry and animal health department and the associations that exist in planning, regulating and overseeing the implementation of broiler chicken agribusiness partnerships. The agency is expected to have the main task of encouraging the development of broiler chicken agribusiness partnerships as the nature and initial goal of the development are a partnership system that serves and improves the welfare of breeders through fostering and empowerment based on the principle of mutual need, mutual reinforcement and mutual benefit.

3.3 Competence and Role of the Partnership Authority Agency

The partnership authority body is expected to have competent and reliable human resources representing all stakeholders involved in the broiler chicken agribusiness partnership system so that all decisions taken are representative of all stakeholders, thus no one feels not involved in the preparation. In addition, the need for reliable and competent human resources is needed because this institution is expected to be able to develop important tasks related to planning, development and monitoring and evaluation of partnership that includes [13]. First, formulate and implement a partnership development policy that is integrated between regions, between departments, and between time. Second, implement and coordinate production, procurement, supply, storage, distribution and price control. The agency is given the authority to control and regulate the stock and prices of production facilities and broiler chicken products on the market, the price is no longer left to the market mechanism but is controlled by the government through the broiler chicken partnership agribusiness authority which is a representation of all stakeholders, and has been given full authority by the government through a regulation. Third, create a fair and equitable distribution system and mechanism. In addition, this body is also expected to become a partnership arbitration body to resolve all disputes regarding the issue of broiler chicken agribusiness partnerships. One of the weaknesses in the broiler chicken agribusiness partnership system today is the absence of an effective arbitration institution that can prevent the subordination of strong investors (large businesses) to breeders (small businesses) [14]. Finally, the existence of this institution is used to eradicate cartel in the broiler chicken agribusiness partnership sector. The cartel happened because the entrepreneurs who worked in groups and worked together to determine prices for monopoly interests.

The existence of these institutions is expected to function optimally in optimizing the total benefits received by all components of stakeholders involved in the broiler chicken agribusiness partnership system, so as to improve their welfare, realize the expected balance in a partnership system concept, where the strong cannot oppress the small, but on the contrary it provides reinforcement assistance with the principle of mutual need, mutual reinforcement and mutual benefit, even though there must be a greater partiality for small farmers (partners) in improving their welfare without shutting down large (core) business enterprises.

3.4 Authority of the partnership authority

The Broiler Chicken Agribusiness Partnership Authority Agency is expected to have the same position or become part of the food authority agency that has been mandated in the food law. In the Food Act Article 126 it is stated, "... In terms of realizing food sovereignty, food independence and national food security, a government institution has been formed to handle the food sector which is under and accountable to the President". The partnership authority must be strengthened by regulations in the form of government regulations which regulates the operational technicalities of the broiler chicken agribusiness partnership authority as well as a legal umbrella for the mandated role.

With this strategic position, we certainly hope that the broiler chicken partnership agribusiness authority can be more independent. Moreover, the partnership authority body functions as the policy maker in developing partnerships by empowering all potential stakeholders so that synergies occur to produce effective and efficient partnership management models to be able to face current and future problems and challenges. The main challenges in developing partnership are the welfare of partner farmers, product availability at all times and price stability at an affordable level.

The institution must be able to determine its own policies and implement policies, especially in dealing with the problem of developing partnerships. If the policy still exists elsewhere, the institution does not have significant authority. "So, this partnership authority institution must be able to determine the authority, not just appeal or recommend." The existence of this institution will become the sole authority to decide various issues related to partnership development. This institution is the sole policy maker regarding partnership development. The first task facing this institution is to form the only absolute partnership development policy.

Thus theoretically, if the concept runs well, it is expected to be a solution to the problem of developing broiler chicken agribusiness partnerships so far that appear to be unable to be controlled by existing institutions, both government and private institutions, of course assuming that the concept runs ideally with the support of all components involved in it without the intervention of political behavior as has been worried so far where a number of parties accuse political interests playing behind this industry.

3.5 Cooperative based partnership model and the existence of the partnership authority agency as an alternative solution

The cooperative-based broiler agribusiness partnership development model is a partnership development model in which the role of the core company that has been controlled by a partnership company based on livestock production facility producers, is expected to experience a balance change that is regulated by the partnership authority. With the cooperative-based broiler partnership model of agribusiness, the position of breeders who have only been and enjoying income in the aquaculture sub-system, will have the opportunity to not only be able to only enjoy income in the aquaculture sector but have the opportunity to obtain a share of income in the upstream sector or even in conditions. In the long term, if the broiler chicken agribusiness cooperatives are growing, they are expected to be able to form livestock production facilities such as seeds, feed and OVK [15]. Under these conditions, they can take added value and income in the upstream sector which has been controlled by production-based partnership companies [11], so that it will automatically be felt by farmers who are members of the cooperative through the distribution of the residual business, so that in general the potential for increased income is wider. The development of broiler chicken agribusiness partnerships is expected to provide welfare for the breeders of the partners and all stakeholders involved in it, without disturbing the interests of the partnership implementing companies in finding and obtaining decent profits [14].

In another part with the cooperative-based partnership model with the existence of a partnership authority agency, it is expected that the powerlessness of the existing government and associations to supervise and evaluate the partnership system that develops in the field can be minimized, its role will be strengthened by the broiler chicken partnership agribusiness authority as described in the section previously, so as to create a credible institution to carry out the functions of supervision, monitoring, evaluation and at the same time as an arbitration body over the problems that occur in the development of this partnership system. This institutional reform is expected to provide reinforcement and at the same time ensure existing regulations relating to the concept of broiler chicken agribusiness partnerships can run as expected.

In terms of coordination, with a cooperative-based partnership model with the existence of a partnership authority body, an integrated vertical coordinating system in one management is expected to be realized [16], so as to be able to eliminate barriers between actors in the existing subsystem, eliminating the potential

for double margins, the synchronization of production and the strengthening of innovation incentives, so as to increase the competitiveness of our broiler agribusiness [11]. With this partnership model a fair business competition model will be created, without monopoly and monopsony as has happened in the developing system so far. Supply of raw materials is possible from several sources, as well as the distribution of production results, and the potential for price regulation with cartels can be avoided because the competition climate is healthier. Such conditions of business competition open up opportunities for the emergence of new competitors and the potential for independent breeding outside the system is increasingly open.

With this system, partisanship to partner farmers will be increasingly even expected to be more dominant than efforts to reap maximum benefits with the existing system, so that the expected balance occurs in terms of income distribution, farmers are no longer only providers of cheap labor for industry [17]. Thus complaints about the quality of production facilities, the quality of guidance and empowerment that so far often occur with the old pattern partnership, will increasingly disappear along with the commitment of partisanship to partner farmers and other stakeholders, so that in the end the initial principle of developing partnerships to improve efficiency and effectiveness, by sharing resources and sharing risks, with the principle of mutual need, mutual reinforcement and mutual benefit can be realized in accordance with the expectations and ideals of the initial development of the partnership system. Subordinated in the system, partner breeders become a very important part in determining the continuity of the existing system, so that the core company will give maximum attention in its efforts to increase revenue, maximize technical guidance to improve the quality of its human resources and empower to improve to improve living standards and quality of life.

9 Conclusion

Based on the results of the above studies, it can be concluded:

1. With the cooperative-based broiler partnership model of agribusiness, the position of breeders who have only been and enjoying income in the aquaculture sub-system, will have the opportunity to obtain a share of income in the upstream sector through the distribution of the remaining business results, so as to provide welfare for the partner farmers and all stakeholders involved in it, without disturbing the interests of implementing partnership companies in finding and obtaining reasonable profits.
2. The cooperative-based partnership model with the existence of a partnership authority body can strengthen and minimize the powerlessness of existing governments and associations to conduct oversight and evaluation of the partnership system that develops in the field.

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