

## Development Study of Wetland Rice Agribusiness Partnership Pattern in Muna District

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**Abstract:** The aim of this research is to formulate the development of partnership pattern of wetland rice agribusiness in Muna District. This research was conducted from March until April 2014. The research location was conducted in Sawerigadi Sub-district of Muna District. Location research is purposive with consideration of the research is a central location paddy rice production in Muna. Data analysis used in this research is descriptive qualitative. The results of the study found that farmers of paddy field agribusiness in Sawerigadi sub-district consist of: (1) land processing service providers; (2) farm shop; (3) rice farmers; (4) the service provider of the advisory services; (5) village collectors; (6) District collectors; And (7) consumers. Patterns of partnerships established in agribusiness activities are general trading partnership and profit sharing. The development of agribusiness partnership pattern is an integrated agribusiness partnership pattern based on the empowerment of paddy field gapoktan and related agribusiness group. The group consists of: (1) paddy farmer group; (2) group of land service providers; (3) saprodi providers; (4) providers of irrigation water; (5) providers of bailouts; (6) milling service providers; And (7) warehousing service providers. The operation of agribusiness activities establishes a mutually-partnering institution in a combined group of farmers and agribusiness related business groups, with harmonious and mutually beneficial norms, supported by: (1) banking institutions; (2) BULUOG; (3) wholesale rice traders; (4) extension agencies; And (5) government regulation.

**Keywords:** rice paddy, a partnership, an integrated agribusiness, gapoktan, and empowerment

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### I. Introduction

Rice is Indonesia's strategic commodity in terms of economic, social and political aspects. This is partly because rice is the staple food of almost all Indonesians. Rice is also produced in almost all districts / cities in Indonesia. There are four problems related to the condition of rice in Indonesia, the first average of the farmers claimed only 0.3 ha, the second is about seventy percent of rice farmers, including the poor and low income groups. Thirdly almost all rice farmers are net consumer of rice and the fourth average income from paddy farming is only thirty percent of the total family income. With this condition the government is always faced with a difficult position, one side of the government must provide Rice at affordable prices by the community, and on the other hand the government should protect producer farmers and maintain sufficient availability (Suryana, 2003).

The wetland rice agribusiness through the partnership is one of the steps to stabilize the production and price fluctuations that always have implications for farmers and consumers. An integrated partnership can certainly ensure supply because partners are committed to achieving common goals. It is when running in synergy and continuously, then the price shock can be overcome in a partnering group. Partnership is based on equality of position and enhancement of partner group skills through the realization of partnership synergy, that is mutual need relationship. In this case, the partner company needs supply of raw materials and the group of partners needs a shelter of results and guidance. Mutually reinforcing. In this case, both partner groups and partner companies alike pay attention to their respective positions in improving competitiveness. Mutually profitable, ie both the partner group and the partner company earn increased revenue and business continuity (Sinaga, 1988).

Implementation of partnerships is often confronted with a monopolistic market structure, which requires the partner's effort to sell all of its products to its partner companies, thus providing an opportunity for the company to press the price of the product. Limitations of the capabilities of the partner business as business actors in various ways such as low level of education, managerial ability, low access to capital and information (Agribusiness Agency, 1999). And therefore in building partnerships it takes a harmonious, honest, open, mutually beneficial vision and mission.

Muna District has the potential to develop 3.624 Ha of paddy field. Potential is only cultivated by rice farmers 2025 hectares of rice. While not cultivated is still estimated at 1,599 Ha. Production reached 3,178 tons with harvest area of 908 ha. The productivity achieved was 3.5 ton / ha (BPS Kabupaten Muna, 2012). The potential of paddy fields if managed in an integrated partnership-based, with the priority of mutual benefit between agribusiness actors, the creation of productive and efficient agribusiness activities. In reality, agribusiness activities will naturally run. Agribusiness activities are economic activities, because the resulting production will flow from the hands of producers to the hands of consumers. In the production centers of paddy in Muna District also experienced it, so that necessary research, in order to know the performance and development of agribusiness activities that are running. This research is of course aims to formulate the development of partnership pattern of wetland rice agribusiness in Muna District.

## II. Methodology

This research was conducted in Muna District. The subject of research is the pattern of wetland rice agribusiness partnership that is running in Sawerigadi Sub-district, Muna District. The research location is determined purposive with consideration of the research location is the center of rice production in Muna. The study was conducted in March until April 2014. The data obtained were analyzed descriptively qualitative. Descriptive analysis is a simple form of analysis that aims to describe and simplify the interpretation done by giving exposure in the form of tables, graphs, and diagrams. Nazir (1998), states that descriptive method is a way of examining the status of human groups, an object, a set of conditions, a system of thought or an event class in the present moment. The purpose of descriptive research is to make description, picture or painting in a systematic, factual and accurate about facts, properties and relationships between the phenomena being investigated. Descriptive research studies the problems in society as well as the prevailing procedures in particular societies and situations, including the relationships of activities, attitudes and ongoing processes and the effects of a phenomenon.

## III. Result And Discussion

### A. Rice Agribusiness Agent

Agribusiness activity is an activity that involves people or some institutions that operate the activities of procurement of production facilities and infrastructure to the marketing of production. The operation of agribusiness activities involves both individual and institutional agribusiness actors. There are four subsystems in agribusiness activities namely upstream agribusiness subsystem that is agribusiness procurement of production means such as input production in the form of seed, fertilizer, and pesticide. Subsystem agribusiness farming. Downstream agribusiness subsystem is agribusiness processing and marketing of agricultural products. And sub-sector support agribusiness activities that is counseling and training, capital, research and development, and insurance.

The role of agribusiness actors will determine the sustainability of agribusiness activities. The more agribusiness actors associated with a farming activity on a particular commodity, then the commodity is a strategic commodity. These commodities can also be regarded as the backbone of the economy. The results of agribusiness actors involved in rice agribusiness activities in Muna District are presented in Table 1.

**Table 1.** Role and Partnership Pattern of Agribusiness of Paddy Field Rice

No	Agribusiness Actor	Role	Pattern of partnership
1	service providers land processing	Provide land processing services	General trading with farmers
2	Farm shop	Provide seeds, fertilizers, pesticides, and medicines	General trading with farmers
3	Paddy rice farmers	Conducting rice farming cultivation activities	General trading at all levels
4	Service Provider	Provide dry grain milling services, dry grain purchases, and village collectors	Profit sharing with farmers and general merchants
5	Village rice collector traders	Buying rice at farmers level	General trading with farmers
6	District rice collector traders	Purchase rice at the village gathering level	General trading with village level rice traders

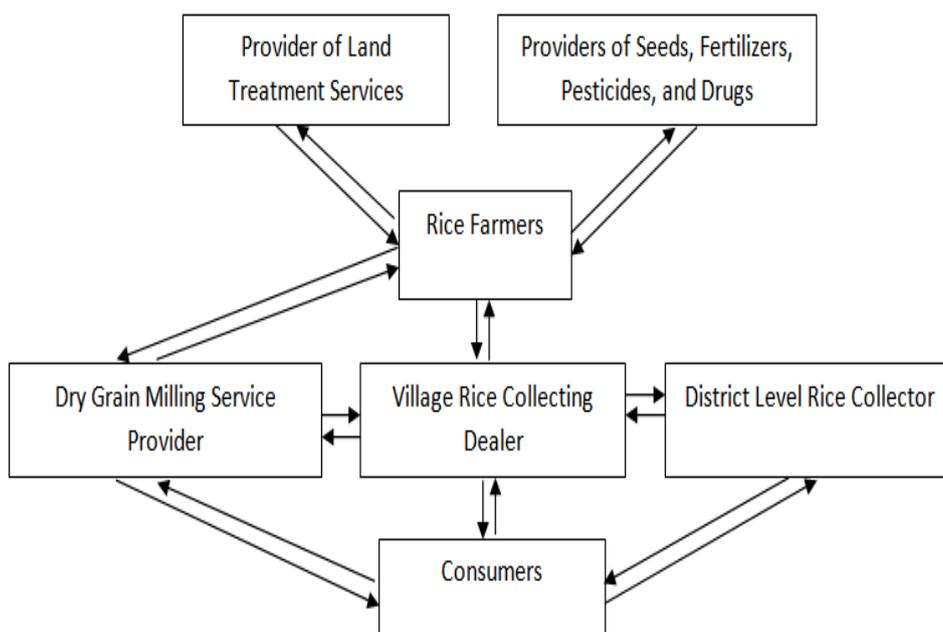
Providers of production facilities such as farm shops provide the needs of rice farmers in the form of seeds, fertilizers, and pesticides. Farmers farmers partnership pattern is a general trading partnership. The partnership runs continuously, but farmers dealam increase the scale of wetland rice farming to find barriers in

the supply of fertilizers and medicines. This is because the financial condition is very limited compared to the scale of the managed business.

The milling service providers provide mills at the village level. A partnership is a profit sharing partnership. Distribution of the results is done by a ratio of 1: 10. The results of dry grain milling owned by farmers get 9 kg while the owner of the milling service get 1 kg. Besides, the owner of the mill, also get bran and husks from the milling. Under certain circumstances the milling service providers purchase the milled rice that petani owns. The milling service, can also act as a village collector merchant. The village collector traders cooperate with the farmers, while the sub-district collectors cooperate with the owners of the milling service. The partnership is a general trading partnership. Provider of agricultural machine tools provides wet land preparation services. Cooperation is a common trading pattern. Farmers do land processing by hiring land service owners in accordance with the ability of capital owned.

### **B. Pattern of Wetland Paddy Agribusiness Partnership**

The pattern of wetland rice agribusiness partnership in Muna District has a pattern of general trading partnership and profit sharing. The pattern of partnerships formed is based on the needs of the agribusiness actors that resulted in all involved getting a share in the activity. This partnership pattern is not based on contractual ties but is formed to get a share of every activity undertaken. This pattern of partnership also found Tambunan (1996), that the cause of the partnership emerged and developed naturally. This is due to the desire to increase efficiency and the level of flexibility in increasing profits. The pattern of partnership of rice field agribusiness in Muna District is presented in Figure 1



**Figure 1.** Pattern of Rice Farming Agribusiness Partnership in Muna District

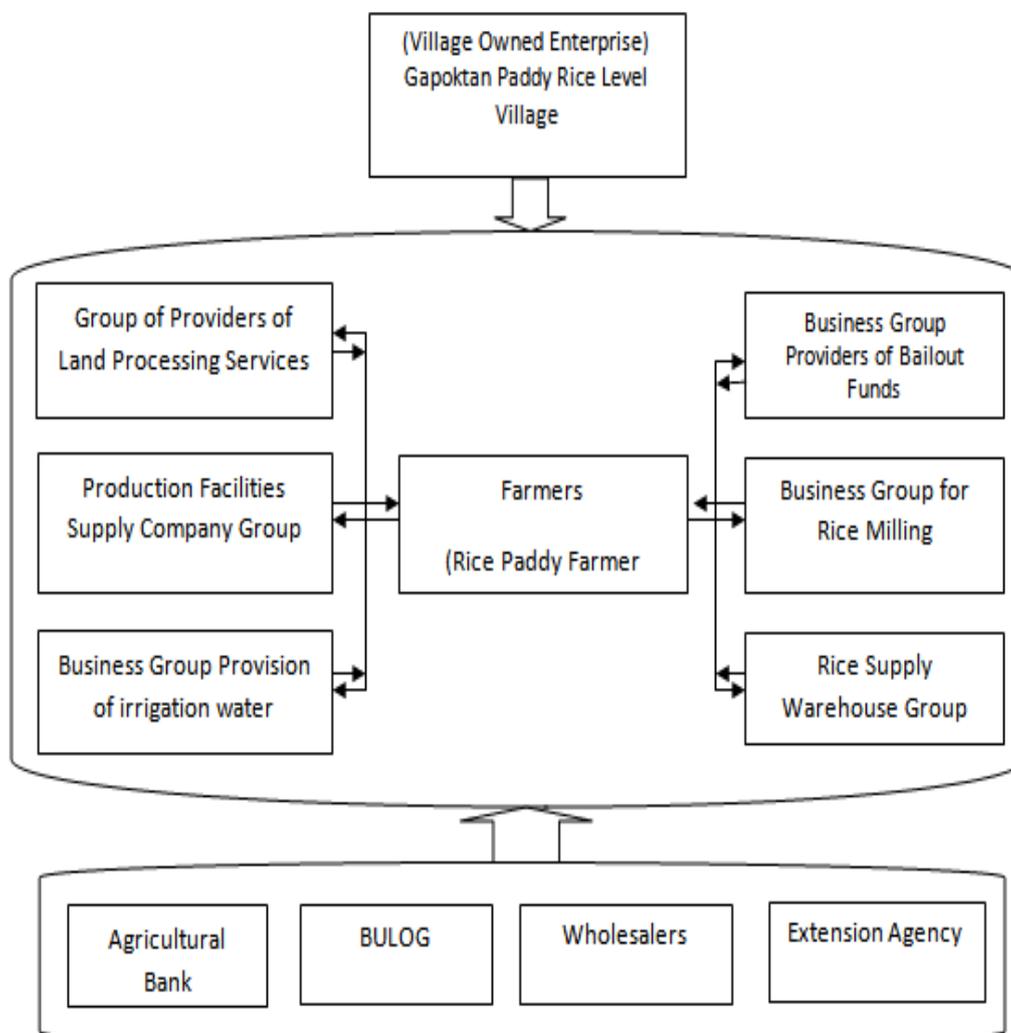
The pattern of wetland rice agribusiness partnership in Figure 1 shows the institutional system of agribusiness that runs normally, so that every product produced will flow towards the final consumer. When considered in Figure 1, there is mutual reciprocity between existing agribusiness institutions. Farmers cooperate with land processing services, farm shops, rice milling services, and village collectors, whereas consumers will be associated with grinder services, village collectors, and district collectors. The cooperative relationships formed do not have contractual ties in the form of agreements, but business ties are normal. Agribusiness actors in carrying out agribusiness activities run separately, so farmers are vulnerable to price shocks, access to capital, and access to farm inputs. These conditions can lead to inefficient and productive rice farming activities.

### **C. Model of Rice Paddy Agribusiness Development**

The result of the research has a causal relationship between the production with the existing partnership pattern. Research findings corroborate production related to agribusiness performance. Partnerships that are not based on the integration of agribusiness actors cause a general trading pattern characterized by the weak role of

farmer institution in the activity of wetland rice agribusiness. The weaknesses are low access of capital, land processing owned by farmers to be not maximal, irrigation management is not maximal, lack of supervision and assistance of agribusiness activity of paddy field. These weaknesses have implications for the efficiency and productivity of paddy field farming.

Based on the existing partnership pattern, the research result of the researcher develops the pattern of agribusiness partnership based on the combined empowerment of the wetland paddy farming group and other agribusiness groups that are interrelated, and implemented in an integrated manner. Combined farmer group of paddy rice in one village oversees all farmer group of paddy field and related agribusiness group. Farmer groups are farmers' facilitators to obtain land management services, production facilities, irrigation water, bailouts, rice mills, and rice warehouses managed by a combination of farmer groups. To ensure the smooth operation of agribusiness activities required supporters in the form of banking institutions, BULOG, wholesale rice traders, and extension agencies. Operation of agribusiness activities requires norms that are integrated in village-owned enterprises. Rules are made on the basis of harmony and mutual benefit, avoided from speculation and things that harm partner groups. Supervisors of agribusiness activities are domiciled in the combined management of farmer groups and agribusiness related groups. Supervisors conduct supervision and control to ensure agribusiness activities, to run in harmony and mutual benefit. In order to achieve these objectives, the qualified human resources to operate the farmer group's aggregate institutions are absolutely enhanced. The pattern of partnership development of wetland rice agribusiness is presented in Figure 2.



**Figure 2.** Development Pattern Model of Wetland Rice Agribusiness Partnership In Muna District

In Figure 2, shows all elements of agribusiness actors to form institutions. Farmers, land service providers, production facilities providers, irrigation water providers, bailout providers, grinder service providers, and warehousing service providers are incorporated in a partnering group. All agribusiness actors are in a group of organizations, thus having a bargaining position. Institutional facilities are a force in determining the interests

of partners. Therefore, the norms applicable in the partnership need to be regulated by the government. The partnering institutional strengths depend on support from banks, BULOG, wholesale traders, and extension agencies.

#### **IV. Conclusion**

Based on the results of research and field studies conducted in the area of research, can be concluded as follows:

1. The partnership pattern that was established among the rice field agribusiness actors in Muna District is the general trade partnership pattern.
2. The development of partnership pattern of wetland rice agribusiness in Muna District is an integrated agribusiness partnership pattern based on the empowerment of paddy field gapoktan and related agribusiness group.

#### **V. Suggestion**

**Based on the results of research and field studies conducted, it can be suggested as follows:**

1. Combined farmer groups formed should be a means of coordination that carry out agribusiness activities in an integrated manner, has a norm that binds both administrators and members in managing agribusiness system in an integrated manner.
2. The established farmer group should be a vehicle for the distribution of input needs and distribution of farm output as well as supervisor of business system management carried out.
3. To the government required continuous assistance so that the existing institutions become a strong system in the management and control of agribusiness activities of rice farming in Muna District.

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