Agribusiness institutional development model of corn in Muna regency, Indonesia

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Abstract. The purpose of this study was to formulate a model of institutional development of corn agribusiness in Muna Regency. This research was conducted in Muna Regency in January 2017 until May 2018. The data analysis used is qualitative descriptive analysis. The results showed that the corn farmer group had not yet played a role in conducting collective learning, collaboration and production activities, so that the farmers walked individually in corn agribusiness activities. The combined institutions of farmer groups, cooperative institutions, and community economic institutions have not played a maximum role as maize financing institutions, processing and marketing of maize, so it has not guaranteed maize farmers to increase their income continuously. Extension agencies have not been instrumental in strengthening the corn agribusiness institutions and adoption of agribusiness technology of corn to corn farmers. Integrated corn agribusiness institutional model between corn farmer group, combination of maize farmer group, community economic institution, cooperative, and village-owned enterprise supported by extension institution, research and development institution/university, banking institution, production facility institution, processing and marketing efforts, can increase the income of corn farmers in a sustainable manner in Muna Regency.

1. Introduction
Corn (Zea mays L.) is one of the main commodities of food crops that has a strategic role in agricultural development and the Indonesian economy. This commodity has a multipurpose function, both for direct consumption and as the main raw material for the feed industry and the food industry. In addition, the importance of the role of corn in the national economy has placed maize as the second largest contributor to Gross Domestic Product (GDP) after rice in the food subsector [1]. The production of maize produced by Muna Regency, if seen from its relatively low productivity, is only 2.20 tons per hectare, while the potential for corn production can be achieved from 7 to 8 tons per hectare [1]. Maize production in Muna Regency from 2013 to 2017 continued to decrease production, with average productivity of 2.39 tons per hectare. The decline in corn production in Muna Regency is in line with the decline in harvested area. One effort that can be taken in order to increase farming income is by applying the concept of integrated agribusiness system development, namely if the agribusiness system consisting of production facilities subsystems, cultivation subsystems, processing and
marketing subsystems is developed through good agribusiness management and in one intact system and related [2].

The concept of agribusiness or agricultural business is basically a very broad activity, covering all activities starting from the procurement and distribution of production facilities, to trading activities of agricultural products produced farming [3]. Farming institutions have the potential to increase productivity and increase the income and welfare of farmer actors, but the fact in the field is that there is still a gap between the institutions formed top-down by the Government, and the institutions needed by farmers [5]. So far the institutional approach has also become a key component in agricultural and rural development. However, farming institutions, especially farmer groups tend to only be positioned as a tool to implement the mere project, not yet as an effort to more basic empowerment [6]. Institutional empowerment in the future needs to be directed to be oriented to: a) The exploitation of the most profitable commodities (food/non-food), b) the scale of economical business and labour intensive technology, c) mutual win-win with collegial partnerships, d) created upstream- downstream interdependence, e) developing capital and institutionalized credit (banks, cooperatives, farmers), f) cooperative, competitive and transparent through business information systems, g) take advantage of opportunities in each of the agribusiness subsystems, and h) HR support that is educated, rational, independent, informative, communicative, and participatory (innovative) [7]. This study is certainly intended to analyze corn production in relation to the institutional development model of corn agribusiness in Muna Regency.

2. Research Methods

This research was conducted in Kabangka District, Muna Regency. The research location is the highest corn production center of Bisi-2 variety in Muna Regency, which is 15,783 tons or 42.31% of the total production of Muna Regency. This research was conducted in Kabangka District, Muna Regency. The research location is the highest corn production center of Bisi-2 variety in Muna Regency, which is 15,783 tons or 42.31% of the total production of Muna Regency. Besides that, the agribusiness activities of corn in this region are relatively developing. This research was conducted in January 2016 until May 2018. The data used in this study were primary data and secondary data. Primary data is the data obtained directly to the object of research, namely corn farmers age, land size, production, fertilizer, seeds, and corn agribusiness institutions which were used as informants in the study. Secondary data is data obtained through Library Studies, Agricultural Service, Central Statistics Agency, and District Offices. The informant selection technique was done purposively, namely the selection of informants intentionally. The informants chosen were those who were assumed to be able to provide information regarding this research. In this study the informants used as the unit of analysis were farmers, agricultural production traders, corn production traders, and farmer group administrators. The data analysis used in this research is qualitative descriptive analysis. The qualitative descriptive analysis method is a way of examining the status of a human group, an object, a set of conditions, a system of thought or a class of events at the present time. The purpose of descriptive research is to make a description, description or painting systematically, factually and accurately of the facts, the characteristics and relationships between the phenomena investigated. Descriptive research studies the problems in society and the procedures that apply in society and certain situations, including the relationship of activities, attitudes and processes that are ongoing and the influence of a phenomenon [8]

3. Results and Discussion

The farming activity of Bisi-2 varieties in Kabangka District, Muna Regency developed by farmers has economic motives. Corn which is developed is commercialized as animal feed. The development of Bisi-2 varieties of corn is supported by seed assistance distributed by the government through farmer groups. The corn farmer group is currently running naturally without any intervention from the government to facilitate farmers to get other production facilities such as fertilizers, pesticides, processing activities and marketing of corn. The corn farmer group has not functioned optimally as a
vehicle for learning farmers to increase access to knowledge and the maximum application of corn
technology, processing results and marketing of corn. Farmers make their own efforts to obtain
production facilities, farm financing and corn marketing. This condition makes farmers as the losers
because they do not get a bargaining position to determine the price of corn produced. To accelerate
the success of corn agribusiness development is the realization of rural industrial agribusiness,
consistency is needed in carrying out various activities based on predetermined priorities [9,10]. To
improve the efficiency and effectiveness of the use of production facilities and farming technology,
there needs to be coordination between researchers, extension agents and local governments. Business
institutions procuring production facilities are currently played by farm stalls whose role is to
provide seeds, fertilizers, pesticides and herbicides according to the needs of farmers.

Corn processing and marketing institutions are played by village collectors and sub-district traders
who play a role in purchasing production produced by corn farmers. Microfinance institutions are
played by middlemen, a combination of farmer groups, community economic institutions, and
cooperatives but have not fully played a role in fulfilling the capital needs of corn farmers. The
extension agency played by the sub-district extension agency has not yet fully played a role in
conducting information on corn farming technology to farmers. The farmer group institution has not
fully played a role in organizing farmers to get extension activities and accommodating farmers to
collectively carry out corn production activities. Intensive farmer group assistance is very necessary to
improve the farmers bargaining position, both in the quality of work and the management ability of the
organization and its business [11]. The current model of corn agribusiness institutions in Kabangka
District is presented in Figure 1.

![Institutional Model of Corn Agribusiness in Kabangka District, Muna Regency](image)

**Figure 1**. Institutional Model of Corn Agribusiness in Kabangka District, Muna Regency

Figure 1 shows that corn agribusiness institutions are still running individually, so farmers do not
have a bargaining position in determining the price of corn production produced. Farmers also do not
get input from corn farming technology from extension agents to achieve maximum production along
with the support of corn farming funding that is in favor of farmers. Farmers’ groups and farmer groups
combined have not functioned as collective production unit activities to achieve maximum and
sustainable production. Likewise, community economic institution, cooperatives, and village owned
enterprises have not played a full role in facilitating farmers to obtain corn farming funding, including
conducting corn processing and marketing activities to ensure the added value of corn produced.
by farmers. Banking institutions, production facilities, R & D / universities, extension institutions, and the government, also have not shown a maximum role in supporting corn agribusiness activities. The disharmony of the role of the corn agribusiness institution will certainly hinder sustainable corn production at the farmer level because of the economic welfare of the farmers. Therefore the institutional model of corn agribusiness needs to be reconstructed into a corn agribusiness institution that is integrated with extension institutions, banking institutions, research and development institutions / universities, processing and marketing institutions. The institutional model of corn agribusiness offered is presented in Figure 2.

The institutional reconstruction model of corn agribusiness in Figure 2 shows three institutional levels. Level 1 is farming and farmers who act as production units. Level 2 is a farmer group, a combination of farmer groups, community economic institutions, cooperatives, and village-owned enterprises that act as liaison level 1 and level 3, as well as providers of production facilities, corn farming, processing and marketing of corn. Level 3, namely government, extension agents, R & D and universities, banking, production facilities, processing and distribution facilities that play a role in supporting corn agribusiness activities played by institutions at level 2. Corn agribusiness activities are carried out in an integrated manner starting from the provision of production facilities, corn farming, processing and marketing, and supported by agribusiness supporting institutions. Group farmer is a farmer organization that coordinates farmers in corn farming activities and extension programs. Combined farmer group organizations, community economic institutions, cooperatives, and village-owned enterprises are farmers economic institutions that manage business activities in the procurement of production facilities, corn farming, processing and marketing of corn. Extension agencies are facilitators of corn farming technology innovation, processing and marketing of corn produced by R & D institutions and universities.

Green display is a farmer institution which currently plays a role in facilitating farmers to get seed assistance, but has not been maximal in supporting corn production activities, so government reinforcement and counseling are needed to increase capacity in organizing farmers in producing corn collectively. The grey display is a micro-financial institution originating from farmers who have not yet played a role in holding production facilities, corn farming, processing and marketing, so that government and banking reinforcement is needed to manage production facilities, capital of corn farming, processing and marketing of corn. Combined farmer groups, community economic institutions, cooperatives, and village-owned enterprises need to collaborate with production facilities.
to fulfill the input needs of corn production to farmers, establish cooperation with banks to meet the capital requirements of corn farming to farmers, establish cooperation with processing businesses and corn marketing to ensure marketing of corn produced by farmers. The farmer group, cooperates with extension institutions and R & D institutions / universities to ensure the availability of environmentally friendly corn farming technology innovations. All corn maize agribusiness institutions must work in an integrated manner in developing corn agribusiness activities, so that the welfare of corn farmers will be achieved sustainably.

4. **Conclusion**

Based on the results of the study of the institutional role of corn agribusiness in Kabangka District, Muna Regency, it can be concluded that:

1. Farmers in running corn farming run individually starting from providing production facilities to marketing which is always vulnerable to price discrimination. Combined farmer groups function as a forum for channeling funds for agricultural agribusiness development programs, but farmers have not even received business capital loans, thus preventing farmers from increasing the capacity of corn farming, as well as the existence of community economic institutions and cooperatives, loans to farmers equally. Extension institutions have not yet played a role in conducting corn agribusiness counseling, so farmers in conducting corn farming activities have not been organized in order to increase their income.

2. The integrated model of corn agribusiness institutions among farmer group institutions, a combination of farmer groups, cooperatives, community economic institution, village owned enterprises, production facilities institution, processing and marketing coorporation, financing institution, extension institution, and resecr and development institution and universities can increase the production and income of corn farmers in Kabangka District, Muna Regency on an ongoing basis. Farmer group institutions play a maximum role as a learning class, a forum for cooperation, and as a production unit collectively, by holding ongoing cooperation with extension institutions, R & D institutions and universities, government, joint institutions of farmer groups, community economic institutions, and business entities village. Combined farmer groups, community economic institutions, cooperatives and village-owned enterprises run their roles optimally by providing corn farming, corn processing and marketing industries, by collaborating with corn production, processing and marketing facilities, banking institutions, and the government.

3. The government should regulate the integration of corn farmer institutions through the empowerment of farmer groups, a combination of farmer groups, cooperatives, community economic institutions, village-owned enterprises that are integrated with banking institutions, production facilities, processing industry and marketing of corn, R & D institutions and universities, and extension institutions in a sustainable manner.

4. Extension activities should encourage the development of the institutional capacity of farmers based on corn agribusiness to become economic institutions of farmers, through increased resources of corn managers and farmers.

5. The institutional actors of farmers in corn agribusiness activities should establish sustainable cooperation with production facilities, processing and marketing industries, banking institutions, R & D institutions and universities, and agricultural extension agencies.
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