Partnership patterns in rice farming

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Abstract. Lowland rice farming run by farmers in Toabo Village is faced with limited capital problems, limited agriculture machinery ownership, and grain prices low. Another problem is the Mamuju Regent Decree (SK) No. 188.45/120/KPTS/1/2018 on the implementation of the grain trade. In this decree, there is a rule that prohibits farmers from selling their products out of the area until Bulog stock needs are fulfilled. To overcome this problem, we need a solution that can help farmers provide capital loans, agriculture machinery, and guarantee the production market. One concept that can be done is cooperation in the form of partnerships. This study aims to describe the implementation of rice farming partnerships. Analysis of the data used is descriptive analysis. The results showed that the partnership that was carried out by UD Subur Dua with partner farmers used the agribusiness operational partnership (KOA) partnership pattern.

1. Introduction

The agricultural sector, as one of the economic sectors, is the potential sectors to contribute to national economic growth and development [1], both in terms of income and employment. The role of the agricultural sector in Indonesia's development cannot be doubted. In addition, businesses in the agricultural sector will always run as long as humans still need food to sustain life, and humans still need agricultural products as raw material in the industry [2].

One of the sub-sectors in the agriculture sector is the food crops sub-sector. Food crops have become an important sector in Indonesia's development as the main target of strengthening food supply and food diversification in Indonesia's development for the period of 2014 to 2019. The main target is to increase the availability of food sourced from domestic sources for basic commodities, including rice, corn, and soybean [3].

Rice has become a part of Indonesian people's lives, so it cannot be denied that this commodity has also influenced the political order and national stability [4]. In the last ten years, rice production has also continued to increase with a growth rate of 4.74% per year [5]. The increase in rice production is also expected to increase farmer's income because the success of farming activities can be seen from the level of farmer's income.

National rice production, which continues to increase, is inseparable from the contribution of various provinces in Indonesia, one of which is the Province of West Sulawesi, which in recent years
has increased rice production. When compared with the previous year, rice production increased by approximately 21.61% from 548,536 tons in 2016 to 667,100 tons in 2017. One of the rice producers in West Sulawesi Province is Mamuju Regency.

One of the rice-producing areas in the Mamuju Regency is Toabo Village, located in Papalang District. In this village, the majority of the population works in the agricultural sector, especially lowland rice. In running their farms, farmers in Toabo village are faced with a number of problems such as limited capital, limited ownership of Alsintan, and low and fluctuating grain prices. Another problem is the existence of the Mamuju Regent Decree (SK) No. 188.45 / 120 / KPTS / 1/2018 concerning the Governance of Harvested Dry Grain Trade. In this Decree (SK), there are rules that prohibit farmers from selling their produce outside the region until the needs of the National Logistics Agency are fulfilled, as evidenced by a statement from the National Logistics Agency. This regulation was issued to guarantee the availability of stock in Bulog and avoid inflation in Mamuju Regency.

The existence of regulations on Grain Trade Governance makes farmers not free in marketing their products so that they cannot immediately get income from their production. To overcome this problem, solutions are needed that can help farmers to provide assistance in the form of capital loans, agricultural machinery, and marketing guarantees from their production. One concept that can be done is through cooperation in the form of partnerships.

The regulatory basis for partnerships in Indonesia is regulated by Government Regulation No. 44 of 1997 which states that the partnership is a business collaboration between small businesses and medium businesses and/or large businesses accompanied by coaching and development by medium businesses and/or large businesses by paying attention to the principles of mutual need, mutual strengthening, and mutual benefit. This means that a synergistic collaboration between farmers or small businesses that have land and labor is needed with large companies that have capital and expertise, under the supervision of the government with the aim to explore the potential of agriculture [6].

One company that applies the concept of partnership to farmers, namely UD Subur Dua. This rice factory has a modern rice milling machine with a capacity of 10 tons per 12 hours. To maximize its performance, this company requires a large supply of grain. Therefore, UD Subur Dua entered into a partnership with farmers to ensure the supply of grain to the rice factory. The existence of this partnership in addition to providing benefits for the company, of course, will also provide benefits to partner farmers because the results of production from partner farmers already have market certainty so that farmers do not need to think about where to sell their products. In addition to providing marketing guarantees of production, the company also provides loans for fertilizer, agricultural machinery, and money for farming capital for partner farmers.

Based on the description above, the writer is interested in researching "The Pattern of Rice Field Farming Partnerships in Toabo Village, Papalang District, Mamuju Regency".

2. Methods

2.1. Place and time of research
This research was conducted in Toabo Village, Papalang District, Mamuju Regency, West Sulawesi Province. The selection of this research site was made purposively with the consideration that Papalang District had the highest paddy production in Mamuju Regency, and Toabo Village was the village with the highest paddy production in Papalang District. Then in this village, there is a rice factory company with adequate facilities that establish partnerships with farmers. This research was conducted for two months, namely in April - June 2019.

2.2. Population dan sample
The population in this study consisted of two, namely the population of partner rice farmers and the population of non-partner rice farmers in Toabo Village, Papalang District, Mamuju Regency. The sample used as respondents consisted of partner farmers and non-partner farmers. The sample criteria
for partner farmers are farmers who have a partnership with UD Subur Dua and the sample criteria for non-partner farmers are farmers who have not established a partnership with either UD Subur Dua or a rice factory and collecting traders in Toabo Village. The determination of the sample is done using simple random sampling techniques. The number of partner farmers of UD Subur Dua is 200 people. Then the number of samples to be taken as much as 10% of partner farmers, namely 20 people. For non-partner farmers, the number of farmers sampled, as many as 20 people, has the same proportion as the number of partner farmers.

2.3. Research informant
Determination of informants using purposive techniques with the consideration that the selected informants know and understand well the information regarding the implementation of partnerships between companies and partner farmers. The informant in this study is the owner of UD Subur Dua.

2.4. Data collection methods
The data collection method in this research is the survey method. There are two main types of data collection by the survey method used, namely interviews and questionnaires.

2.5. Data analysis method
The data analysis method used is a descriptive analysis by examining the implementation of partnerships between UD Subur Dua and partner farmers.

3. Results and Discussion

3.1. UD Subur dua overview
UD Subur Dua is a rice factory company located in Toabo Village, Papalang District, Mamuju Regency. The company was founded in 1988 by Mr. H. The vision of UD Subur Dua is to become one of the rice factory companies that can supply rice throughout Indonesia. To realize this vision, UD Subur Dua has several missions, namely to establish partnerships with farmers to ensure the supply of grain to the factory, provide quality milling machines, improve the quality of rice, and guarantee the availability of rice supply to partner companies.

Since its inception, UD Subur Dua has established partnerships with farmers. This was done so that UD Subur Dua could more easily obtain grain as its production input and ensure the supply of grain entering UD Subur Dua to continue operating. At present, UD Subur Dua has been supplying rice to various regions in Sulawesi, such as Topoyo, Tarailu, Tasiu, Mamuju, Palu, and Manado. UD Subur Dua has two brands of rice that are marketed to various regions, namely the red rose stamp and swallow.

3.2. Reasons farmers choose to partner and not partner
Every farmer certainly has a reason why then they want to establish a partnership with UD Subur Dua. For more details, the following is a table of the reasons farmers formed a partnership with UD Subur Dua.
Table 1. Reasons for partner farmers choosing to partner with UD. Subur Dua

| No | Reasons                  | Main reason | Other reason |
|----|--------------------------|-------------|--------------|
|    |                          | Number of people | Percentage (%) |                |
| 1  | Capital limitations      | 15          | 75.00        | -             |
| 2  | Limitations of Alsintan Ownership | 5          | 25.00        | -             |
| 3  | Fertilizer loan          | -           | 1            |               |
| 4  | Market guarantee         | -           | 2            |               |
|    | Total                    | 20          | 100.00       |               |

Table 1 shows that as many as 15 partner farmers formed a partnership with UD Subur Dua due to capital constraints with a percentage of 75.00%. Rising prices of production facilities and daily necessities make farmers have to make farm capital loans to finance their farming. In providing a capital loan, UD Subur Dua is not half-hearted and provides in accordance with the needs of farmers, so farmers feel happy to partner with UD Subur Dua. In addition to limited capital, as many as five partner farmers chose the limited ownership of agricultural machinery as a reason to partner with UD Subur Dua with a percentage of 25.00%. This is because farmers are not able to buy a tractor, so to do land management, the farmer must pay a land processing fee of Rp1,300,000 / ha.

For non-partner farmers, there are two reasons why non-partner farmers choose not to enter into partnerships with rice factories in Desa Toabo. For more details, here is a table on the reasons non-partner farmers do not engage in partnerships in managing their farming.

Table 2. Reasons non-partner farmers choose not to partner

| No | Reasons                          | Main reason | Other reason |
|----|----------------------------------|-------------|--------------|
|    |                                  | Number of people | Percentage (%) |                |
| 1  | Have their own capital           | 3           | 15.00        | 8              |
| 2  | Do not want to be bound by partnership rules | 17         | 85.00        | 1              |
|    | Total                            | 20          | 100.00       |               |

Table 2 shows that the majority of non-partner farmers did not form partnerships with rice mills because they did not want to be bound by partnership regulations. As many as 85.00% or 17 out of 20 non-partner farmers chose this reason. The partnership regulation in question is the obligation to sell their product to rice mills, which are farmers' partners. This results in farmers not being able to look for high prices because they are not free to market their product. Therefore, non-partner farmers choose not to partner in order to be freer in marketing their products.

3.3. Partnership pattern
The partnership is an effort of two or more parties in carrying out a business strategy for a certain period of time to achieve mutual benefits with the principle of mutual need and encouragement [7]

According to Susanti [8] in the agribusiness system in Indonesia, there are five forms of partnership between farmers and certain entrepreneurs or institutions. The forms of partnership referred to are as follows.

a. Plasma-Core Partnership Pattern
This pattern is the relationship between farmers, farmer groups, or partner groups as plasma with the core company that has a business partnership. The core company provides land, production facilities, technical guidance, management, accommodates and processes, and markets
production results. Meanwhile, the partner group is tasked with meeting the needs of the core company in accordance with agreed terms.

b. Subcontract Partnership Pattern

Subcontracting is a partnership pattern between business partner companies and business partner groups that produce components that are needed by the partner company as part of their production. Some of the advantages of subcontracting patterns, namely the existence of agreements on contracts that include volume, price, quality, and time. In many cases, subcontracting is very beneficial and conducive to the creation of technology transfer, capital, skills, and productivity, as well as guaranteed marketing of products to partner groups.

c. General Trade Partnership Pattern

The general trade partnership pattern is a business relationship in the marketing of products. The party involved in this pattern is the marketing party with the commodity supplier business group required by the marketing party. In agribusiness activities, especially horticulture, this pattern has been carried out. Some horticultural farmers or farmer groups join in the form of cooperatives or other business entities and then partner with supermarkets or other business partners. The farmer cooperative is tasked with meeting the needs of the supermarket in accordance with mutually agreed terms.

d. Agency Partnership Pattern

Agency partnership pattern is a form of partnership consisting of partner companies and partner groups or small business partners. The partner company (large company) gives special rights to the partner group to market the company's goods or services supplied by the partner's large company. Large/medium companies are responsible for the quality and volume of products (goods and services), while small business partners are obliged to market their products or services. Among the partners, there is agreement on the targets to be achieved and the amount of commission received by the party marketing the product.

e. Agribusiness Operational Cooperation Partnership Pattern

Agribusiness Operational Cooperation Partnership Pattern is a pattern of business relationships that are run by partner groups and partner companies. The partner group provides land, facilities, and labor, while the partner company provides the costs, capital, management, and procurement of production facilities to cultivate an agricultural commodity. In addition, partner companies often play a role as a guarantor of the product market by increasing the added value of the product through processing and packaging. Agribusiness Operational Cooperation has been carried out on plantation businesses, such as sugar cane, tobacco, vegetable, and fishpond farming.

The partnership between UD Subur Dua and farmers was motivated by the limited capital owned by farmers and the need for a guaranteed and continuous supply of unhusked rice by UD Subur Dua so as to create a relationship of mutual need. Partnerships run by trading businesses with partner farmers use the partnership pattern of agribusiness operational cooperation. In this partnership pattern, UD Subur Dua, as a partner company, provides fertilizer, agricultural machinery, and farming capital that can be used by farmers to purchase production facilities. Then the partner farmers provide land, labor, and production facilities, which will be sold to the trading business. The application of this partnership pattern was chosen by the company because the owners felt this pattern was quite beneficial in ensuring the availability of grain supplies from farmers. In addition, there were no objections from farmers to the partnership pattern adopted by this trading business, so many farmers were interested in partnering with it.

To be able to become a partner farmer of UD Subur Dua, the criterion is that the farmer runs his business with the aim to be traded, can be trusted, and is able to provide land of at least 10 hectares (this criterion is specific to farmers who are given tractors). In the implementation of this partnership, there was no written agreement regarding the cooperation contract. Farmers who meet the criteria will be given loans according to their needs, both production facilities and money as farm capital. In addition to the absence of cooperation contracts, this partnership also did not provide guidance to partner farmers, so that farm management is left entirely to partner farmers.
For the process of selling grain, after harvest, the partner farmers will bring the grain to the company. Partner farmers who bring their grain directly to the company will be given a transportation cost subsidy of Rp. 2,000 to Rp. 3,000. The grain price is determined based on the current grain price on the market and is not distinguished in terms of grain quality. Then after the production results are weighed, the company will make payments of farmers' grain, which has been reduced by the number of farmers' loans.

3.4. Partnership agents rights and obligation
In establishing a partnership, each party that has a partnership certainly has the rights and obligations so that the partnership runs well. As for the rights and obligations of both UD Subur Dua and partner farmers, it can be seen in the table below.

| Partnership agents | Rights | Obligations |
|--------------------|--------|-------------|
| Partner farmers    | - Get a loan as needed  
|                    | - Obtain the selling price  
|                    |   of grain in accordance  
|                    |   with prices on the  
|                    |   market               |
| UD Subur Dua       | - Buy the production of  
|                    |   partner farmers      |

3.5. Principles for establishing a partnership
There are three key principles in building partnerships, namely the principle of equality, the principle of openness, and the principle of benefits principle. The principle of partnership in partnership between UD Subur Dua and partner farmers is the principle of equality and the principle of benefits principle. The principle of equality in partnerships between UD Subur Dua and partner farmers can be seen from each of the parties have the same position in achieving the agreed objectives where the company is responsible for providing production facility loans to partner farmers and partner farmers responsible for providing or sell their products to this trading business. However, in its social interactions, partner farmers feel that their position is not parallel to UD Subur Dua. Partner farmers consider UD Subur Dua to have a higher position as a lender of farm capital and production facilities. On the other hand, UD Subur Dua considers partner farmers to have an equal position because each party needs each other to fulfill agreed goals. Next is the principle of mutual benefits that can be seen from each of the partners who benefit from the partnership that is established where the benefits obtained by partner farmers are ease of obtaining farming capital and production facilities and the benefits obtained by UD Subur Dua is the ease of obtaining unhulled rice. Be the input of production.

For the principle of openness, the results of interviews with respondent farmers indicate that partner farmers are not open to UD Subur Dua. This can be seen from the existence of partner farmers who, without the knowledge of UD Subur Dua, sold part of their produce to other places to look for higher selling prices. If UD Subur Dua knows this, then UD Subur Dua will break the partnership with the partner farmers by no longer providing farm capital loans and production facilities in the next planting season. In addition, there is no written cooperation contract in this partnership, so the partnership rules are unclear and less transparent.

3.6. Partnership Constraints
In a partnership between a company and a farmer, there is one thing that can be a constraint to a partnership that is concluded based on the results of interviews with both the owner of UD Subur Dua
and partner farmers. This obstacle is that the partner farmers do not clearly know the rules in this partnership, such as the regulation of grain sales. This results in there being partner farmers who do not sell all of their products to the company but only sell a portion of their products, and part of it is sold elsewhere to obtain a higher selling price. This possibility was carried out by partner farmers because UD Subur Dua did not explain in detail about this regulation, so farmers did not know clearly about the rules and penalties for those who violated the regulations. If this is known by the company, the company will no longer continue the partnership with farmers who do so.

4. Conclusion
Based on the results of research that has been done, it can be concluded that the partnership between UD Subur Dua and paddy rice farmers uses an agribusiness operational partnership. In this partnership pattern, UD Subur Dua as a partner company provides fertilizer, agricultural machinery and farming capital that can be used by farmers to purchase production facilities, while partner farmers provide land, labor, production facilities, and the production of partner farmers will be sold to UD Subur Dua.

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