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The Study of Institutional Agricultural Development in Case of Village Enterprises Business Group

Muh. Arifin Fattah^{a*}, Didi Rukmana^b, Baharuddin^c, Imam Muhajid Fahmid^d

^aDoctoral Program of Agricultural Sciences University of Hasanuddin Makassar, Jl.Perintis Kemerdekaan KM.10 Makassar 90245, Indonesia

^bFaculty of Agriculture, University of Hasanuddin Makassar, Jl. Perintis Kemerdekaan KM.10 Makassar 90245, Indonesia

^aEmail: arifinfattah.unismuh@gmail.com

^bEmail: drukmanar@gmail.com

^cEmail: baharuddin@yahoo.com,

^dEmail: imfahmid@mail.com

Abstract

Village enterprises business or called *Bumdes* is one of the institutional structure formed by government of Bantaeng Regency to improve the prosperity of society and encourage the development of horticultural crop agribusiness. *Bumdes* is engaged in the business of providing facilities to the marketing of farmers' products. *Bumdes* provides guarantee of production facilities and marketing guarantee farmers, so that farmers can produce maximum production and certainty of prices received by farmers can be profitable. Problems arise in the management of *Bumdes* are; low of members awareness; availability of limited business capital; and increasingly tight competition. It needs a strategy for *Bumdes* better future.

Keywords: institutional; bumdes; business competition; business capital.

* Corresponding author.

1. Introduction

Agricultural development is a part of the national event and should be done continuously and have an impact to improve the welfare of the community. In Increasing agricultural production not only regarding quantity but also the quality so that it can meet various needs of the community. The development of the agricultural sector is part of agricultural development that can play a role and able to move the industrial sector [7]. Currently agriculture is one of the subsystems in the agricultural environment that gives the most significant contribution to the country's foreign exchange compared to other sub-sectors. Bantaeng District government undertakes several policies in relation to improving the economic structure of society, such as strengthening agribusiness activities. Agribusiness activities are expected to overcome the problems faced by farmers of horticultural crops

The positive growth of the agricultural sector has not been a real pride at the farm level. Farmers' welfare levels are still low, [6] says the classic problem of the agricultural sector is also the part of the dilemma of an agribusiness activity at the level of agricultural producers, the value of low production, but the highest risk recipient. Traders have enjoyed the level of profitability of agribusiness activities and other agribusinesses' downstream [2, 8]

Some various efforts have been made to bridge the above issues, both through internal sectoral programs and in autonomous local economic empowerment activities with local policies. One initiative that has been developed in a series of agribusiness activities at the producer level is through the marketing of agricultural commodities with the institutional approach of village business entities.

The purpose of this research is; examines the role of *Bumdes* in raising members' awareness; increase the availability of venture capital; anticipate business competition. The study was conducted by reviewing the documents and enriched with some of the information obtained and the problems described descriptively.

1.1. The Concept of Village enterprises business (*Bumdes*)

The village enterprises business (*Bumdes*) is a village business entity managed by the community and village administration to strengthen the village economy, and it is shaped based on village needs and potentials. *Bumdes* according to the constitution Number 32 in 2004 regarding Regional Government established among others to increase the original income of the village (*Bumdes*). Departing from this perspective, the local government of Bantaeng Regency will encourage every village government to provide "goodwill" in responding to the establishment of *Bumdes*. As one of the economic institutions operating in rural areas, *Bumdes* have differences with financial systems in general. It is intended that the existence and performance of *Bumdes*. It is able to contribute significantly to improving the welfare of the villagers, very much the government's expectation towards the existence of *Bumdes*, because it has differentiator with other commercial institutions such as; 1) The enterprise is owned by the village and managed jointly, 2) The business capital is sourced from the town (51%) and the community (49%) through equity (share or share) 3) Operationalization using a business philosophy rooted in local culture (local wisdom) [3].

The existence of *Bumdes* is to address the phenomenon that has been experienced by farmers in the management

of horticultural agribusiness such as; The marketing of agricultural commodities so far has extended links, ranging from producer farmers, collecting traders, wholesalers to consumers, resulting in small profits earned by farmers. Consumers pay more than the price that should be offered so that the cost of marketing (marketing cost) from producer to consumer becomes high [1]. Another phenomenon suggests that market guarantees are a vital prerequisite for determining the level of excellence of a commodity, including indications of the capacity and potential for market development, the suitability of agroecosystems, the availability and opportunities for agricultural technology development. On the other hand, the marketing pattern is not able to support the development efforts of various commodities that demand the development of marketing infrastructure. *Bumdes* as an institution that has the task of helping to market farmers' production, but also a container that can accommodate various needs of agribusiness actors, such as facilities and infrastructure production, storage, showroom, and transportation.

1.2. Benefits and Target of The village enterprises business (*Bumdes*)

Bumdes as a village business entity is expected to provide benefits to the community through the efforts of: 1). Help marketing farmers' production by cutting down the marketing chain and improving the marketing efficiency of horticultural commodities; 2) Providing production facilities for farmers; 3) Facilitate information access among farmers; 4) As a container for agribusiness actors for agribusiness development,

1.3. The main target of *Bumdes*

The village enterprises business basically increases the added value for farmers and market participants. Another goal is to educate farmers to improve product quality, as well as change the mindset towards agribusiness. The management of *Bumdes* by Sukmadinata (2001) can be done by agribusiness cooperatives, in this case, farmers, fishers, processors, and traders; agribusiness co-operatives combined with local government or even can be done by self-employed enterprises, both national and foreign and national with cooperatives. Similarly, SOEs and BUMD and a combination of other agribusiness market participants. Thus the management of *Bumdes* can be determined by the interests and agreements of the agribusiness actors in it.

2. Metodology

This research conducted in Bantaeng Regency started in January until August 2017. This study used survey approach conducted in two villages which still have owned village enterprises business (*Bumdes*). The location selected for the consideration that the place it has *Bumdes* management institutions. The data collected in this assessment includes both primary and secondary data. Primary data collection did by observation and a structured interview with some key informants and coupled with the implementation of Focus Group Discussion (FGD) to strengthen and complete the required information. Also, secondary data collection conducted through a review of stakeholder reports strengthening the various information obtained from the primary data.

3. The Research Result

3.1 The description of *Bumdes*

Bumdes Bonto Marannu and Bonto Rannu were economic institution located in Ulu Ere Subdistrict, established on November 20th in 2015 and it has the supported of the Bantaeng Regency government program. The purpose of determining the institution among others first, encouraging the development of economic activities of rural communities; second, to increase the creativity and productive economic opportunity of farmers (entrepreneur) of low income villagers; third, increasing the village's original income; fourth, improve the management of village potentials in accordance with the needs of the community. In the management of a *Bumdes* institution has an organizational structure consisting of; Chairman, Vice Chairman, Treasurer and Business Unit Coordinator [5]. The organizational structure of each *Bumdes* is not the same as adjusting to the field conditions. For *Bumdes* Bonto Marannu and Bumdes Bontorannu operations in Office Space Facilitation, 5 units of half-bureau desk, guest chairs, Computer and fan, and one Pick up group.

Bumdes in Ulu ere Subdistrict has an opportunity to develop when examined from the potential of natural resources; it located in the mountains with an altitude of 1000 to 1200 meters above sea level with an area of 19.17 km². It made Bonto Marannu Village has a very productive potential land for commodities horticulture, plantations, and village forests. While Bonto Rannu Village is located at an altitude of 300 - 400 m above sea level of 4.72 km² area has the potential for the development of middle land plants such as rice and vegetables (Anonymous, 2017). This institute opens a business unit as the potential of Ulu Ere sub district, the business is in the form of production facilities, purchasing of farmer's production, saving and loan and transportation service.

The area and production of vegetable crops in Ulu Ere district are presented in Table 1,

Table 1: Area of Harvest and Vegetable Production in 2016

No.	Kinds of Vegetables	harvested area (ha)	Production	Productivity (kW/ha)
			(ton)	
1	Red onion	773	5.990	77,49
2	Cayenne pepper	14	92	65,71
3	Potato	786	13.084	166,46
4	Cabbage	431	6.136	142,37
5	Great chili	13	57	43,85
6	Carrot	614	7.202	113,70
7	Petai	20	338	169,00
8	Tomato	15	213	142,00
9	Pumpkin	12	309	257,50
10	Spring onion	48	239	49,79
	Amount	2.726	33.660	123,48

Source: Department of Agriculture Bantaeng Regency

For the production of rice and crops, many farmers are planted in Bonto Rannu Village, Harvest Area and Production of Rice and crops in Ulu Ere Sub district presented in Table 2,

Table 2: Area of Harvest and Rice Production of rice and crops 2016

No.	of rice and crops	harvested area (ha)	Production	Productivity (kW/ha)
(ton)				
1	Rice	757	4.532	59,97
2	Corn	2125	14.379	66,67
3	Sweet Potatoe	1	15	150,00
4	Cassave	1	18	180,00
5	Peanut	-	-	-
6	Taro	1	20	200
Amount		2.885	18.964	65,73

Source: Department of Agriculture Bantaeng Regency

3.2. Bumdes of Bonto Marannu

Bumdes of Bonto Marannu is one of the most active economic institutions in Bonto Marannu village, Ulu Ere sub-district. It has an organizational structure consisting of; Chairman, Vice Chairman, Treasurer and Business Unit Coordinator. For *Bumdes* of Bonto Marannu operations in the facilitation of Office Space, 5 units of the half-bureau desk, guest chair, Computer and fan and one unit of Pick up car.

Bumdes of Bonto Marannu manages the business of providing production facilities, purchasing farmers' production, saving and loan and transportation services. Consideration for the selection of business unit because of natural resource potential and the main livelihood of the community is farming. Data in Table 1 above the production of vegetable crops in Ulu Ere Sub-district reached 33,660. Of this amount, 30 percent is the production of Bonto Marannu Village farmers, types of vegetables produced potatoes, onion, carrots or generally highland plants.

As an institution that sells farmers' products, *Bumdes* of Bonto Marannu has not worked optimally, given the ability to buy farmers' products, only 10 percent of the total production or about 3,500 tons. Every year, obstacles faced by the manager is; limited capital owned, cash payments (cash), on the other hand, goods sold to markets are generally credit. Payments are made after the behavior is sold.

Many efforts were doing by managers in raising awareness of members like; communicate openly, asking participation members of the group is needed as early as the establishment of *Bumdes*, where the production of farmers can still be borrowed and paid after the market off the loan. This value is shifted after the rampant peddler's gatherers come to farmers to buy farmers' production, in addition to higher prices are also paid cash (cash). The other efforts undertaken by the manager to pick up the output of farmers were using the means of

transportation owned by the institution [4].

In efforts of managers in increasing the availability of capital, through loans at the Bank, this effort has been implemented but the precautionary element of the Bank where each requested credits required a guarantee, so *Bumdes* of Bonto Marannu not managed to get business credit. Efforts to anticipate business competition, as a unit of means of production facilities members who facilitated production facilities members must sell their production at *Bumdes* with the prevailing market price. to strengthen cooperation and probably then bound by the agreement.

3.3 Bumdes of Bonto Rannu

Bumdes of Bonto Rannu such as *Bumdes* of Bonto Marannu have the same organizational structure consisting of; Chairman, Vice Chairman, Treasurer and Business Unit Coordinator. For *Bumdes* of Bonto Marannu operations in Office Space facilitation, 5 units of the half-bureau desk, guest chair, Computer, and fan.

Bumdes of Bonto Rannu manages the same type of business as *Bumdes* of Bonto Marannu i.e as a provider of production facilities, purchasing farmers' production, and saving and loan. What distinguishes is the production of members of most of the rice and crops. The data in Table 2 explained the production of maize is 14,379 tons with harvested area of 2,125 ha. Most of the production from neighboring villages is only 10 percent around 1,400 tons of member production. As an institution that markets farmers' products, *Bumdes* of Bonto Rannu manages the same type of business as *Bumdes* of Bonto Marannu i.e as a provider of production has problems in purchasing; because most of the members have been tied up capital and spared from traders or owners of capital, so that production must be sold to the owner of capital, efforts made by the manager in raising awareness of members by establishing communication with members but the conditions are difficult to expect because it has been long and there kinship relationships so that farmers difficult to get out of the problem;

Another problem is the location of *Bumdes* of Bonto Rannu outside the corn center area resulting in additional transport costs to be borne by the farmers from the garden to the location of *Bumdes* of Bonto Rannu. The condition causes most farmers to sell their crops directly to the Market or gathering peddlers at a more competitive price than the price in *Bumdes* of Bonto Rannu; Increasing the availability of capital, managers have tried through cooperation with the cooperative savings and loan but the amount of funds is still limited, while with the bank is still difficult because it takes guarantee. To anticipate the high level of competition with other marketing institutions then the managers of *Bumdes* maximize the purchase of village production so that farmers can save on transportation expenditure.

4. Conclusion

1. In raising awareness of members of *Bumdes* managers; in a structured and planned public communication is open to members so that members know the purpose of the establishment of the institution.
2. Need to do cooperation with financial institutions such as cooperatives or banking in an effort to increase the availability of capital.

3. The presence of marketing institutions with greater capital then managers *Bumdes* maximize purchases by pro-actively visit the member's garden, or establish cooperation with other traders.

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