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THE PARTNERSHIP ANALYSIS OF RICE SEED BREEDER WITH INVESTORS IN PIDIE DISTRICT

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ABSTRACT

Rice seed is one of production input which significantly contributes the level of rice productivity. The efforts which need to be taken to ensure the availability of quality seeds from the superior seeds varieties in Pidie District are through the development of seed breeding. In that case, the farmers do not work independently but in partnership with entrepreneurs or investors. The research results show that the benefits of partnership with investors are the guaranteed availability of high quality seeds, fertilizers, and pesticides which are given by the financiers with a relatively affordable price.

KEY WORDS

Partnership, rice, seed breeders, investors.

Food is the most important basic needs and become the right of every people of Indonesia. Pidie Regency is one of rice production centers in Aceh, the number of demand for staple food will continue to increase in the future which must be fulfilled in line with the increasing population. This can be done by optimizing the entire set of seeding systems consisting of research subsystems, development of rice seed breeding integrated with National Rice Production Enhancement (*Peningkatan Produksi Beras Nasional, P2BN*) program and Field School of Inbred Rice Integrated Crops and Resources Management (*Sekolah Lapangan Pengelolaan Tanaman dan Sumberdaya Terpadu Padi Inbrida, SL-PTT Padi Inbrida*). In that case the farmers do not work independently but in partnership with entrepreneurs or investors which in the cooperation process will occur problems related to the the availability of seeds, fertilizers, and pesticides. The form of cooperation between the farmer with the investors is a pattern of *inti-plasma* (plasma-core) collaboration; the farmers act as *plasma* and the investors act as *core*.

Research Purposes:

- To find out the production cost sharing system of the partnership of rice seed breeder with investor in Pidie Regency;
- To find out the revenue sharing system of the partnership of rice seed breeder with investor in Pidie Regency;
- To find out the profit sharing system of the partnership of rice seed breeder with investor in Pidie Regency.

LITERATURE REVIEW

Grain (*biji*) and seeds (*benih*) have various meanings, depending on perspective of the review. Although each grain and seeds have different numbers, shapes, sizes, colors, materials and other things, it is actually the form of natural principal means of maintaining the survival of a species in the world (Rohela 2008).

The thing that underlies the establishment of a partnership are the common needs, business issues, and business benefits. The important thing in establishing a partnership is to make small businesses become market-oriented and commercial, business constraints solvability, and the concern of middle and large businesses owner. The role of partnership actors is where 1) large entrepreneurs conduct assistance, development, human resources guidance, funders, technology guidance, production equipment, guaranteed the purchase of production, and promotion of production; 2) Small entrepreneurs apply technology and make

agreements with large entrepreneurs, cooperation among small entrepreneurs to support the supply of production to large entrepreneurs, and the development of human resource professionalism (Hafsah, 2000)

The objective of the partnership is "*win-win solution partnership*", where both parties are partners and no parties will take disadvantage, both parties take benefit in partnership practices (Hafsah, 2000). According to Glover (1990), partnership is a series of activities between large and small companies in the form of complex "contract farming". While according to Gumbira,S (2000), the principles of partnership that must be in place to ensure the success of the partnership i.e. interdependence and mutual need, mutual benefit, have transparency, formal and legal, knowledge and experience transfer, exchange of information, problem solving and fair profit sharing. Income is the difference between revenue and all costs, where revenue itself is the multiplication of production and the selling price (Soekartawi, 1995).

METHODS OF RESEARCH

This research was conducted in Pidie District. The determination of the research location is done by *purposive sampling* which is determined based on the consideration that Pidie Regency is one of rice production center in Aceh Province. The object of this research is rice seed breeder and the investor. The population of this research is rice seed breeder and the investor. The sampling process in this study using *Simple Random Sampling* technique from the list of names of investors and rice seed breeder for some of those selected.

The data analysis is done by using qualitative and quantitative analysis, while hypothesis testing using independent test among pattern and partnership variables with testing criteria as follows:

- Accept h_0 , if $X^2_{\text{count}} < \text{than } X^2_{\text{(table 1-}\alpha=0,95\text{df)}}$;
- Reject h_0 , if $X^2_{\text{count}} > \text{than } X^2_{\text{(table 1-}\alpha=0,95\text{df)}}$.

Figure 1 – Research Framework

RESULTS AND DISCUSSION

Pidie district is located at 4.30 - 4.6 NL and 95.75 - 96.20 EL. Pidie district is one of the districts included in the Province of Aceh which has a total area of 3,086.90 km², divided into 23 districts, 713 villages, 20 urban villages and 94 habitation, with Sigli Regency located approximately 112 km eastern of the capital Aceh Province.

Farmers' characteristics is the situation or general description of rice seed breeder in the research area, which are: age, farming experience, education, the number of farmers' responsibility (family member), and land area (Ha). The average age of farmers in Pidie Regency is 45 years, 8 years experience, 8 years education, 4 dependents and 0.70 Ha land area.

The production cost is all costs allocated by rice seed breeder during the production process. The average cost of rice seed production allocated by farmer breeder in research area is Rp. 4.963.556/Ha/one planting period. The cost consists of a plowing fee of Rp. 620.258/ Ha/one planting period, plant preparation Rp. 704.839/Ha/one planting period, planting of Rp. 1.127.742/Ha/one planting period, fertilizing, spraying pesticides Rp. 504.201/Ha/once planted. Costs allocated by the investors are the cost of seeds, pesticide, and fertilizer, and the cost allocated by investors is Rp. 10,074,289 in total which consists of the cost of seeds of Rp. 462.903.

The production of certified rice seeds in the study are all rice production that will be received by farmers in the form of physical breeding results of farm operations. The average production of rice seeds in Pidie regency is 5.724 Kg/Ha, with an average selling price of 4.800/Kg, resulting in the production value of Rp. 27.476.361/Ha/planting season..

The income rice seed breeder is the share of margin between the total revenue with the total cost allocated by rice seed breeder, the average cost borne by investors is Rp. 1.666.532.26/Ha/one planting period, and the borne by rice seed breeder is Rp. 4.310.331/Ha/ one planting period so the total production cost of Rp. 5,976,863/Ha/one planting period. Meanwhile the average production reach Rp. 5.724/Kg/Ha/one planting period, with average selling price 4.800/Kg, so that gross income is Rp. 27.476.361/Ha/one planting period, net income earned rice seed breeder in the research area of Rp. 21.499.498/Ha/one planting period. The result of ratio analysis show that the farmer bear bigger capital responsibility as many as 0.78 and investor only 0.28. Similarly, the revenue of farmers is 0.38 and investors 0.64 which mean investor get more revenue. While the income obtained by farmers is 0.68 and investors 0.32 which means more useful for farmers.

The calculation of R/C Ratio obtained value of 3.59. This value indicates that the seed breeding business in Pidie District is eligible to run. If the value of R/C Ratio is bigger than 1 ($R/C > 1$) then the business is eligible to run. The result of X^2 test shows that income is very influential in performing its partnership $X^2_{count} \leq X^2_{table}$ ($1-\alpha = 0.05$). While total cost and total revenue have no effect because $X^2_{count} \geq X^2_{table}$ ($1-\alpha = 0.05$).

The reason for partnership of the the rice seed breeders with the investors are: 1) to get a proper capital assistance (32.26%), to develop knowledge, means that farmers can understand the science of cultivation, pest control from harvest and post-harvest. 2) to increase income (40.32%), means that farmers can increase their income because it is supported by the use of quality seeds, efficient use of fertilizers, well controlled maintenance, pesticide use. 3) market guarantee (19.35%), means that all rice seed production accommodated by investors at a higher price. In Pidie district, cooperation is established in the form of *inti-plasma* (core-plasma) partnership pattern which means partnership between investor with rice seed breeder; the investor acts as the *inti* (core) and the farmer as the *plasma*. In the general pattern of trading partnership, the financiers carry out their duties by providing guidance, production facilities, technical guidance, marketing the production of their partners i.e. rice seed breeder. Farmers perform their duties by preparing the land (for plantation), planting, pesticide spraying and harvesting. The partnership form such Agribusiness Operational Cooperation is not established.

The aspects of effective *inti-plasma* partnership pattern are as follows:

- *Aspects of Mutual Benefit (equality)*, the benefits of partnerships that have been felt by rice seed breeder are: 1) the existence of high quality seeds provided by investors at a relatively affordable price than when farmers buy in retailers, 2) the existence of fertilizer guarantee provided by the financiers although the fertilizer is in rare condition but the investor can provide it, 3) the pest is more controlled because the farmers do not felt difficult to buy pesticides, 4) the price is guaranteed; rice sold by farmers all in small and large quantities, 5) increasing in farmers' income is guaranteed because the price of seed purchased by investors is above market price.
- *Aspects of mutual need (equality)*, in general, equality is a balanced relationship (no disadvantageous in one side), equivalent for those who run a partnership, the aspect of mutual need in this partnership pattern can be seen from the cooperative relationship between farmers rice seed breeder with investors which is relatively equivalent. This situation can be seen from the authority on rice seed breeder which freely taking some decisions concerning to: executed business ties, price determination and the type of seed to be planted.
- *Aspects of Legality*, it relates to how farmers engage in partnership in relation to the rules that apply to farmers' partnership; written or unwritten, and how the rules are made and how the rules are implemented.
- *Aspect of Farmers Empowerment*, this aspect runs very well, because the investors directly develop the farmers and also assisted by the agricultural extension officer who served in the area.
- *Aspect of Social Capital*, this aspect shows the relatively high role of togetherness of farmers with investors, personal relationships, values of trust and participation of farmers in encouraging the effectiveness of the partnership.

CONCLUSION AND RECOMMENDATIONS

Based on the analysis of research results concluded that the income rice seed breeder is the share of margin between the total revenue with the total cost allocated by rice seed breeder, the average cost borne by investors is Rp. 1.666.532.26/Ha/one planting period, and the borne by rice seed breeder is Rp. 4.310.331/Ha/ one planting period so the total production cost of Rp. 5,976,863/Ha/one planting period. Meanwhile the average production reach Rp. 5.724/Kg/Ha/one planting period, with average selling price 4.800/Kg, so that gross income is Rp. 27.476.361/Ha/one planting period, net income earned rice seed breeder in the research area of Rp. 21.499.498/Ha/one planting period. The result of ratio analysis shows that the farmer bear bigger capital responsibility as many as 0.78 and investor only 0.28. Similarly, the revenue of farmers is 0.38 and investors 0.64 which mean investor get more revenue. While the income obtained by farmers is 0.68 and investors 0.32 which means more useful for farmers.

Considering the cooperation that so far has been very helpful to rice farmers in Pidie District, the role of partnership can be improved through the following way:

- For Investors: Increase assistance to rice farmers when experiencing problems in rice plants such as aphid attack, stem borer, rat pest, because this can affect the level of production produced; increasingly improving its service to rice farmers for the development that they want to achieve.
- For farmers: maximizing the good treatment of the rice plant to achieve maximum result; maintain a good cooperative relationship with the investors; attending every activity undertaken by the financiers and agricultural extension workers.
- For Government: assisting the experienced farmers rice seeding to continue developing their business; stabilize rice sale price during harvest season; provide continuous assistance to farmers and investors in Pidie District.

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