

Strategy to Increase Contract Farming Satisfaction on Red Chili Farmer with The Hortikultura Lestari Cooperation

(Evidence : Dukuh Dempok Village Wuluhan District)

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Abstract—One of the many commodities that are planted by farmers in Dukuh Dempok, Wuluhan Jember is red chili. Most of the red chili farmers in Dukuh Dempok have contract farming with Hortikultura Lestari Cooperation. Hortikultura Lestari cooperation is the one cooperation in Jember that have contract with PT. Heinz ABC as a grower for the company. Research's location is purposively defined based on red chili farmer in Dukuh Dempok has a number of farmers who partnered the most. Data collection was done through discussions, interviews, observation and study of the literature. The purpose of the research was to examine the efforts that can be done to improve the satisfaction of farmer. FFA (Force Field Analysis) is used to formulate the effort that can be done to improve the satisfaction of farmers. The results showed score for IFAS (Internal Strategic Factor Analysis Summary) is 2.70. The resulting scores for EFAS (external Strategic Factor Analysis Summary) is 2.60. From the results of IFAS and EFAS, it can be determined the position of the organization in "Growth" category. The recommended strategy is concentration through horizontal integrated. This strategy is part of the growth strategy and can be done by establish cooperation with other farmers to strengthen small holder farmer group.

Keywords- growth, increase, red chili, satisfaction, strategy.

INTRODUCTION

Jember is a center of production of horticultural commodities. One of horticultural commodities are cultivated by farmers in Jember is red chili commodities. Commodities of red chili planted by the farmers is being sold to the needs of the agro-industry, public consumption and for seed requirements. According to BPS (2011) in 2010, red chili planting area in Jember is 534 hectares with a total production of 14 717 kw. With a planting area of 534 Ha makes red chili ranks fourth largest horticultural products vegetable crop area in Jember.

Red chili commodity is a horticultural commodity which has a high value. This high price is the driving factor for farmers to grow it. But at certain moments in commodity prices can also be decreased to the lowest price. The dynamics of price changes cannot be predicted create large red chili farming also has a high risk. In addition to the price of uncertain red chilli pepper cultivation also requires more knowledge than other commodities. Weather factors and interference factors organisame plant pests is also another thing to consider in conducting the cultivation of red chili. Besides the cultivation of these commodities also require substantial capital.

According to BPS (2011) Wuluhan is one of the centers of red chili in Jember. Total production of red chilli pepper in Wuluhan in 2010 amounted to 4205 Ka with a harvested area of 179 ha. With the production of the District Wuluhan including major producing area of red chili in Jember. Red chili farmers in Wuluhan mostly have a contract farming in the process of farming operation. This cooperation is conducted by farmers with seed companies as well as companies that process red chili into secondary processed products. The process of a contract farming conducted by farmers does directly with the company through a container of a group of farmers, with the suppliers who become the suppliers for the company and through cooperation that acts as a grower for the company.

The Hortikultura Lestari Cooperation is the only cooperative in Jember conducting cooperating contract with PT. Heinz ABC as a grower for the company. To meet the target of red chili product delivery to the cooperative enterprise cooperation contract farming with red chili farmers in Jember. Farmers and Cooperatives in cooperating make written regulations with the aim of a contract farming that can work well. These rules are written in a letter contract farming agreement signed by both parties. The agreement contains rights and obligations that must be done both by farmers and cooperatives. The agreement also included sanctions for those who violate the agreement that has been made.

Dukuh Dempok is a village located in Wuluhan District. Most of these villagers are farmers with agricultural commodities diverse. One commodity grown by farmers in Dukuh Dempok is red chili commodity. red chilli pepper commodity grown by farmers in Dukuh Dempok mostly sold to the Hortikultura Lestari Cooperation.

The contract farming program run by red chili farmer in Dukuh Dempok Wuluhan The Hortikultura Lestari Cooperation is expected to bring benefits to both parties. The benefits are expected to be felt by farmers, among others, in terms of improving farm productivity, increase farming efficiency and increased profits for red chili farmers. When the run contract farming that could benefit red chili farmers, it can be said that an effective contract farming program for farmers that need to be preserved sustainability. Another indicator of the effectiveness of the contract farming between run red chili peppers with The Hortikultura Lestari Cooperation is a sense of satisfaction that is owned by farmers on a contract farming. Complacency can be seen from the responses of farmers to the cooperative contract farming services ranging from preproduction stages to post-harvest farm.

REVIEW OF LITERATURE

A. General Description of Chili Commodity

According to Kusandriani (1996) ideal rainfall for growing chili is 1,000 mm / year. High rainfall could damage the pepper plant and create cropland muddy and high humidity. Instead of low rainfall may cause plants to drought and need water for watering. Pepper plants suitable to live in areas with humidity (70-80%), especially during the formation of flowers and fruit. High humidity of more than 80% can stimulate the growth of fungi that can potentially damage the plant, while the humidity is too low, or less than (70%) can cause dry chili and disrupt the generative growth, especially during the formation of flowers, pollination and fruit formation.

The chili is suitable to be planted in soil that is fertile and high in nutrients. Chili grows optimally at ground regosol and andosol. Acidity (pH) of land suitable for intensive chili planting is 6-7. Soil with low pH or acid should be neutralized in advance by spreading lime or dolomite. Chpili in general could be grown on land elevation of 1-2000 m asl. The level of a place usually affect the type of pests and diseases that attack the chilies (Kusandriani, 1996).

Chilies have a variety of types, from red chili, curly chilies, green chilies, cayenne pepper, chili peppers until ornamental chili. In the market is known for curly red chili, red chili and green chili. Red chili-shaped long curly frizz and the tastee relatively more spicy than the red chili and green chili. Red chili is a great chili elongated round shape and straight. Green chili is red chili or curly chilli that are

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picked when still young and have not turned to red (Kusandriani 1996).

B. Contract Farming Theory

Contract farming is a business strategy that is performed by two or more parties with the principle of mutual need and mutual raise a certain period to gain a collective. The success of contract farming is determined by the compliance of the parties to partner in running the business ethics. According to Law Number 9 of 1995 business is collaboration of contract farming between the Small to Medium Business Enterprises or large businesses with coaching and development by Medium Business or Large Business to show the principle of mutual need, mutually reinforcing and mutually beneficial Hafsah (2000).

The contract farming program run is expected to bring benefits to both parties. The perceived benefits of them in terms of productivity improvement can be felt on both sides. Productivity is defined as output divided by input, productivity increases when the same input will be obtained a higher yield or with similar results required lower input (Schonberger and Knod in Hafsah, 2000).

Based on the above theory is associated with a contract farming approach, the increase in productivity is expected to be felt by the parties working together. For large enterprises increase productivity can be done in two ways. The first level of production (output) can be achieved by reducing the input factors. Both the increase in productivity for large companies done by increasing production (output) by using its own resources the same / fixed quantity and quality. The benefits of increased productivity to farmers ie partners by reducing the input factors that can be used together with a fellow farmer partners (Sutawi, 2002).

C. The Hortikultura Lestari Cooperation Profile

Hortikultura Lestari Cooperationwas established on March 2, 2011. Aspects of the legality of the establishment of cooperatives expressed by letter of cooperative legal entities by decision of the Minister of State for Cooperatives and Small and Medium Enterprises of the Republic of Indonesia number 518 / 948.BH / XVI.7 / The Hortikultura 410/2011. Additionally Lestari Cooperation has had Horticulture Trade Permit with 503/365/411/2011 tax ID number number and 03.127.288.3-626.000. Hortikultura Lestari Cooperationis located at Jl. Pahlawan 189 RT. 004 RW. 002 Dukuh Dempok Wuluhan Jember.

Founders of The Hortikultura Lestari Cooperation are 23 people who consist of peasants and merchants who gathered in red chili Farmers and Merchants Association of Horticulture of Jember. Establishment of this cooperative backdrop of some of the problems that exist in red chili farming, among others, capital issues, technical cultivation and also the market. Capital required for red chili cultivation is very large. To measure the area of 1 ha of farmers to provide capital \pm 50 million. Capital of it would be very hard for farmers whose income depends only on the agricultural sector alone.

In addition to problems in the field of capital other things behind the establishment of Hortikultura Lestari Cooperationis red chilli pepper cultivation techniques. Commodity of red chili is a commodity that requires careful handling in the process of cultivation. There are so many problems in the field cultivation techniques that interfere with the growth of red chili. The most disturbing problem is pests and diseases. Despite the red chili farmer in Dukuh Dempok has long cultivated red chili commodities, they still require counseling and guidance relating to the eradication of pests and diseases.

Another factor behind the establishment of Hortikultura Lestari Cooperation is red chili price changes. At a certain time red chili prices could rise, especially in the rainy season and on certain holy days. But sometimes red chili prices declined very large. This price volatility makes business has red chili big risk. With the cooperative problem of unstable prices can be overcome because the price of red chilli farmers partners set at IDR 7,000 per kilogram

The interest of farmers in Wuluhan especially in Dukuh Dempok is very large in the cultivation of red chili, but the presence of some of these constraints make farmers and red chilli pepper who gathered in the Association of Farmers and Merchants oof Red chili of Jember plans to establish a cooperative that has legal force. With the existence of legal provisions that make cooperative gain the ease in obtaining capital assistance and cooperation with processing enterprises in terms of marketing the resulting red chili cooperative.

Since 2011 The Hortikultura Lestari Cooperation with PT. Heinz ABC in terms of marketing red chili. Lestari Horticulture Cooperative acts as a grower for the company in charge of supplying large fresh red chilli plant quality standards of farmers in Jember. To meet the needs of red chilli pepper to the PT. Heinz ABC the cooperative cooperate with red chili farmers in Jember in the form of a contract farming cultivation and marketing of red chili. The activities performed by the cooperatives related to the servicing of the red chili farmer partners include administration offices, warehouses, nursery and field.

THE AIM AND BENEFIT OF THE RESEARCH

1. The Aim of The Research

This study aims to determine the characteristics of red chili farmers and strategy to increase satisfaction chili farmers that have contract with The Hortikultura Lestari Cooperation

2. The Benefit of The Research

The Benefit of the research is to increase the role and participation of farmers to partner with Hortikultura Lestari Cooperation.

METHODOLOGY AND DATA

Determination of research area use purposive Method in Dukuh Dempok Wuluhan Jember. The reason is that Dempok Dukuh is the center of red chili production in The main data that will be used will be the Jember. primary data used in this study is the 'primary data'. The main methods to collect data: (a) in-depth interviews (indept interview), and (b) focus group discussion (FGD). The method: (a) observation, (b) study the documentation, (c) study literature. The subject of this study is the red chili farmers in contract farming with Horticultural Cooperative totaling 28 people with a total sampling method. For the formulation of strategies used by key informants (key informans). Key informants were intended among others: (a) red chili farmer group management, (b) the cooperative board, c. village leaders, (c) agricultural extension, (d) the apparatus (officials) village and (e) academics.

Data are analyzed qualitative and quantitative description. The first problem to know the characteristics of red chili farmer in Dukuh Dempok in partnering with Hortikultura Lestari Cooperationusing descriptive analysis techniques percentage. Descriptive analysis is used to create a description, picture of systematic, factual or accurate about the facts, properties and relationships of phenomena. The second problem regarding the formulation of appropriate strategies to be applied to improve the satisfaction of red chili pepperfarmers in partnering to use the analysis Force Field Analysis (FFA).

FFA analysis developed by Morgan in 2008 and participatory has been applied by Singer in 2009 is an analysis-based SWOT analysis, therefore the FFA analysis approach is based on a SWOT analysis. Factors that are driving and inhibiting it from internal and external sources.

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Pusher is a combination of strength (strengths) and opportunities (opportunities), while the inhibitor is a blend of weaknesses (weaknesses) and threats (threats) in analysis of the forces that support and that hinder the realization of the change. Furthermore, Singer suggested the analysis steps, as follows (Rizal, et.al. 2012):

- Write down all the driving factors behind the change on paper left
- Write down all the factors inhibiting behind the change the pepper left. .
- Give the value of each factor driving and inhibiting 1 -5, where 1 = weakest effect to 5 = most powerful influence.
- Add up the value of each factor separately for the purposes of a quick analysis of the factors driving and inhibiting factors.
- Forming a group (consisting of 3-4 people) to discuss how to strengthen the main drivers of change and how to minimize the factors inhibiting change.

FFA aims to provide an overview of problems and circumstances that can not be changed and provides an analysis of how to eliminate the things that hinder the achievement of objectives. To determine the position of the progress of improvement strategies farmer satisfaction in partnering with Horticulture Cooperative, an analysis of internal and external strategic factors. Analysis of strategic factors internal (a processing procedure strategic factors in the internal environment. While the analysis of factors external strategy (an assessment of the internal and external factors to do with giving weighting and ranking on any strategic factor in a display table (Table IFAS EFAS), according to steps as follows :

- Insert the internal factors and external in Table IFAS-EFAS column1.
- Provide the weight of each strategic factor in column 2, with a scale of 1.0 (very important) to 0.0 (not important). All weights are not exceeding of total score = 1.00. These factors were weighted based on the influence strategic position.
- Provide rank in column 3 for each factor on a scale from 4 (very strong) to 1 (weak), based on the influence of these factors on the condition in question.
- Multiply the weight by ranking for memperolehnilaimasing-masingfaktor.
- Add up the value of each factor (in column 4). The total value of this shows the value of IFAS / EFAS, which among other things used in positioning program on Internal External Matrix of Wheelen.

RESULT AND DISCUSSION

A. Characteristics of the Red chili Farmers Partnering with Hortikultura Lestari Cooperation in Wuluhan Jember.

Having held for distributing questionnaires to each respondent, then obtained a description of the characteristics of respondents expressed particular classifications that included age, formal education, income, land area, and experience. The first classification of respondents will see is based on age. From the data processing shows that the overall age of the respondents are in the age range between 37 years to 57 years are presented in Table I. A large part (64%) red chili farmers aged between 37 years to 57 years, the concept of population science in the category of productive age (Rush, 1995). While the big red chili farmers in the category of young people (ages 20 to 37 years) is still

struggling big red chili farmer for several reasons. But on the big red chili in-depth interviews are horticultural crops of high economic value, so that still cultivated also by the older generation

No.	Age (year)	Sum (people)	Percentage (%)		
1.	20 - 36	6	21		
2.	37 - 57	18	64		
3.	57 - 70	4	14		
	Total	28	100		
Source + Brimony Data 2015					

Judging from the level of education attained, the majority of respondents (43%) completed his education up to junior high school. This problem is a classic problem, where in villages including pockets of agriculture, the average farmer still low formal education. Thereby improving the quality of farmers' resources is very important to be done through non-formal education (training and education).

Tabel 2. Characteristics of	f respondents base	d formal education
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No.	Formal Focus	Sum (open)	Percentage (%)
1.	SD	9	32
2.	SLTP	12	43
3.	SLTA/PT	7	25
	Total	28	100

Source : Primary Data 2015,

Scale enterprises in the farming strongly influenced by land area. The more extensive land holding of farmers, the farming is done will be more efficient use of inputs. In contrast, small land area, the use of so-saprodi increasingly inefficient (Soekartawi, 1999). Based on the results of the study, the average area of land owned by farmers chili is 0:37 ha. This value is in the range 0:25 to 0:50 ha, according Soekartawi (1999) are located on narrow business scale. In more detail can explain in table 3 below;

Tabel 3. Characteristics of respondents by land area

No.	Field Yield(ha)	Nothing (arang)	Persentage (%)
1.	< 0.25	7	25
2.	0.25-0.50	15	54
3.	> 0.50	6	21
	Total	28	100

Source: Primary Data 2015, processed

According to Soekartawi (1999), acceptance of innovation that comes from the outside environment, farmers are influenced by the length of farming. Farmers who already has considerable experience in farming are more receptive to innovations from the outside. Many say the least experience in farming can be taken into consideration in determining the success of extension methods for red chili farming. According to the research, most farmers have more than 15 years. According to Soekartawi, (1999) farmers who are already farming more than 15 years are in the high category. More detail will be described in Table 4.

No.	Experience (year)	amount (Person)	Percentage (%)		
1.	< 9	2	7		
2.	9-15	4	14		
3.	> 15	22	79		
	Amount	28	100		

Source: Primary Data, 2015

B. Strategy to Increase Farmers Satisfaction in contract farming with Hortikultura Lestari Cooperation

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Strategy to Increase Contract Farming Satisfaction on Red Chili Farmer with The Hortikultura Lestari Cooperation (Evidence : Dukuh Dempok Village Wuluhan District) Based on the discussions and referral sources in the focus group discussion (FGD) IFAS matrix obtained results as follows;

Table 5.Summary Of Internal Factor Analysis Strategy (Ifas)

Internal strategy factors	quality	ratings	score
Strength :			
The use of adaptive seed varieties,	0,2	3	0,60
The existence of technical assistance,	0,1	2	0,20
High motivation of farmers to farm	0,1	3	0,30
Participation in farmer groups	0,2	4	0,80
Weakness :			
Technological mastery of farmers is relatively low,	0,1	3	0,30
Limitations of farmland,	0,1	1	0,10
Culture instant chili farmer, consumer, and sell crops to	0,2	2	0,40
amount	1		2,70

Source: Primary Data, processed 2015

Table 6.External Factor Analysis Summary

External Strategy Factor	quality	rating	score
Probability		S	
Chili price is relatively stable,	0,2	3	0,60
There is quality assurance and production,	0,2	3	0,60
Cooperative as Avalist or guarantor of farmers in obtaining credit	0,1	2	0,20
Threat			
Unpredictable weather,	0,2	3	0,60
High Market competition	0,1	2	0,20
Farmers do not directly partner with a company's core but through cooperative media.,	0,2	2	0,40
amount	1		2,60

Source: Primary Data, 2015

Based on the results obtained Table 5.3 IFAS score of 2.70. Meanwhile, Table 5.4 shows the scores obtained for EFAS is 2.60. From the results IFAS EFAS 2.70 and 2.6 it can be determined the position of the organization is based on analysis of the total score of internal factors and external factors, using the model of Internal - External Matrix Wheelen Hunger namely Growth with concentration strategy through horizontal integration. The model of Internal - External Matrix Wheelen Hunger in detail in table VII below;

Table	7. Model	internal-ext	ernal n	natrix	wheele	n hungei
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EFAS	High (Score 3-4)	Medium (Score 2-3)	Low (Score 1-2)
IFAS		× ,	``´´
High	Growth	Growth	Retrenchemnet
(Score 3-4)	Concentration	Concentration	turn around
	through vertical	through	Strategy
	integration	horizontal	
		integration	
Medium	Stability	Growth	Retrenchemnet
(Score 2-3)		Concentration	divestment
		through	strategy
		horizontal	
		integration	
Low	Growth	Growth	Liquidation
(Score1-2)	concentric	Diversified	
	diversification	conglomerate	

Source : Wheelen (1995) in Rangkuti (2008)

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Horizontal integration strategy is strongly influenced by external factors. This strategy is carried out if there are major problems and obstacles to a third party. Based on information collected by investigators from several farmer groups agreements that have been made are often violated by both sides. Violations often occur when the parity is very high chili prices with market prices. At the moment the price of pepper in the market is much higher than the agreements made with farmer cooperatives, farmers tend to reduce the quota that is sent to the cooperative while conversely the cooperative continues to seek to increase the agreed quota. Conversely, if the price of red pepper in a falling market, or very low, often cooperative stop buying unilaterally by reason of factory production machine was broken so the plant was forced to stop production.

The results are consistent with what is stated by Jaeger (2010) about the common causes of failure on a contract farming of horticultural commodities in South Africa and North Africa namely;

- 1. Breach of contract, Side-selling is a major cause of failure of contract farming. Bid a higher price than alternative buyer is a powerful incentive.
- 2. Lack of motivation on both sides. In order to have a strong motivation then both parties should feel have earned sufficient profits

According to Jaeger (2010) there are a few things to note that the contract farming will be successful for both parties. These things include;

- 1. Selection of partner farmers so that the grower / cooperative obtain certain qualified partners. Having a strong relationship with the farmers is very important. The success of the contract farming depends on the level of trust of each party.
- 2. Farmers need to form farmer groups and continue to strengthen the farmers groups. The farmer groups will be as a medium and a forum for exchanging information and opinions which in turn helps to improve relations between farmers quality.
- 3. Each party shall respect the contract agreed and has sufficient capacity for dispute resolution
- 4. All parties to the contract must be respected, which in turn demands a degree of transparency
- 5. Both parties must be committed to continuous improvement

At the time of the FGD, the cooperatives and farmers separately said that the constraints of the course of this contract farming is the lack of commitment from both sides to adhere to the contract agreed. Horizontal integration strategy that can be done by the farmers is to build cooperation with other farmers. During this time, the contract farming is still done with the cooperative individuals. This method greatly weaken the position of farmers because of its position will often accept and comply with the provisions of the cooperative who are legal entities. Thus, farmers must work together with other farmers to form farmers' groups that are legal entities. So that both parties either cooperative or farmers have the legal power balanced. Until now, farmers' groups were formed is still limited to informal organizations that do not have binding legal force so that it can be easily dissolved.

In general, the contract farming will be very beneficial especially farmers as partners if both sides can hold trust each other, especially in terms of price agreement. Research conducted by Olomola (2010) in Nigeria, said that a contract farming can improve productivity and net income of farmers for commodities cotton, ginger, rice, soybeans and tobacco. In line with research conducted by Wang et.al (2014) in Northern Vietnam provides the results of the contract farming have a positive impact on income of vegetable growers.





CONCLUSION AND RECOMMENDATION

- A. Conclusion
- 1. Characteristics of great chili farmers for the age category was dominated age (36-57 years); 64%. The majority of farmers have high levels of formal education secondary school level; 43%, ownership of land area in the range of 0:25 to 0:50 ha; 54% and over 15 years; 79%.
- 2. Based on the calculation results IFAS score of 2.70. and the scores obtained for EFAS is 2.60. we can see the position of the organization is based on the analysis of the total score of internal factors and external factors, using the model of Internal - External Matrix Wheelen Hunger namely Growth with concentration strategy through horizontal integration.

B. Recommendation

Commitment of both parties both farmers and cooperatives needs to be strengthened primarily in terms of sale of the crop when the price disparity is too high contract at market prices.

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