

Full Length Research Paper

Agribusiness model in rural community economic: Indonesia perspective

I Nyoman Gede Ustriyana

Department of Agribusiness, Faculty of Agriculture, University of Udayana, Indonesia.

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The paper presents an approach model to community empowerment, particularly rural community that tends to have limited economic access with descriptive analysis. Literature study from research in scientific journals is determined to be the main method in collecting secondary data. Agribusiness-based community empowerment model considers local potency development as a primary component and the whole main factors as the determining components in the success of the approach.

Key words: Agribusiness model, empowerment, rural community economic.

INTRODUCTION

The concept of agribusiness based community empowerment

Community empowerment is an economic development concept which sums up the concept values. This concept shows a new development paradigm, "people centered, participatory, empowering, and sustainable" (Chambers, 1995 in Kartasasmita, 1997; Baum, 2008). This concept is larger than simply fulfilling the basic need or providing mechanism in order to prevent the poor (safety net); the idea that is developed recently as an effort to seek alternative growth concepts in the past. This concept is developed by the effort of experts and practitioner in seeking of what Friedman (1992) stated as alternative development, that demands 'inclusive democracy, appropriate economic growth, gender equality and intergenerational equity (Kartasasmita, 1997).

Community empowerment can be seen from three points as follows:

a) To create a situation or climate that enables community's potential to develop (enabling). Here, the introduction stating that each person/community has potential that could be developed As the starting point. It means that there is no one powerless; if it is so, human being has vanished. The empowerment function is now attempting to build power by encouraging, motivating, and rising their consciousness and potency, and also in the attempt to develop it;

b) To strengthen and empower the community potency (empowering). Therefore, some more positive steps, rather than simply creating ambience and climate, should be taken. The empowering includes real steps and is related to providing all inputs, as well as opening access to opportunities that would empower the community. Some of them are elevating the education level, health, and access to the sources of economic progress, such as capital, technology, information, job opportunities and market.

The inputs of empowering are related to basic physical structures and infrastructures such as irrigation, roads, and electricity, as well as social infrastructures such as school and health service facilities, which can be accessed by the bottom layer of community, as well as the availability of funding, training and marketing institutions in the rural areas where the least empowered community live.

Special programs dedicated to the less empowered community are needed since the general programs that are available nowadays are not always accessible for this community.

Therefore, the most important thing is the increase of community participation in decision making process related to both personal and communal lives. Eventually, community empowerment is closely related to the stabilization, civilization, and democracy application. Friedman (1992, as cited in Kartasasmita, 1997) stated:

“The empowerment approach, which is fundamental to an alternative development, places the emphasis on autonomy in the decision making of territorially organized communities, local self-reliance (but not autarchy), direct (participatory) democracy, and experimental social learning”.

c) To empower also means to protect. In the process of empowering, the weak should not ever become weaker due to their less empowerment in competing with the strong. Hence, protection and endorsement to the weak is basically needed in community empowerment concept. Protecting does not mean isolating and preventing interaction of the weak. Yet, it is more of the effort in preventing the imbalance competition and exploitation over the weak by the stronger side. Eventually, the sole purpose is to form independent and enabled community and build the ability to self-develop to sustainable better life.

This paper is trying to develop an approach model to community empowerment, particularly rural community that tends to have limited economic access. This approach is based on agribusiness, which is expected to become a new paradigm in building rural agriculture.

HISTORICAL BACKGROUND OF AGRIBUSINESS-BASED COMMUNITY EMPOWERMENT

Community empowerment is an effort to elevate the dignity of people who are today unable to unleash themselves from poverty and ignorance. Empowerment is to enable and to form an independent community. The empowerment concept occurs as a consequence of failure particularly the failures of economic development models in overcoming sustainable poverty and environmental problems, as well as expectation due to

the development alternative which includes some democracy values, gender equality, and adequate economic growth.

AGRIBUSINESS-BASED COMMUNITY EMPOWERMENT DEVELOPMENT

The section identifies many inputs such as fund, structure, and infrastructure allocated for the community through some development programs which shall be considered as stimulation to intrigue the acceleration of community's social-economy life. The main approach in the community empowerment concept is that the community is not becoming the object of any development project, yet as a subject of their own development effort. Therefore, according to that concept, the community empowerment must follow the following approaches:

- 1) Directional: This is popularly known as endorsement. Such attempt is aimed to overcome problem as needed;
- 2) Done by the community: This program must be directly involve or even hold by the targeted community. Involving the targeted community has its several purposes. It is to make the activity to be effective as it is suitable with the community's will and knowing their ability and needs. Moreover, it is also created to increase the community ability by giving experience in designing, conducting, managing, and having responsibility in the effort of elevating their esteem and economy life;
- 3) Using group approach: Such approach is implemented to improve the social skill in overcoming poverty problems which are difficult to solve individually.

AGRIBUSINESS MODEL IN RURAL COMMUNITY EMPOWERMENT

In facing recent world situation, the economic policy must embrace a new paradigm which the community empowerment shall be the main concern. It is because most people live from the agriculture sector, and it is still providing big contribution to the nation's economic life. Therefore, community economic empowerment also means improving agricultural economic development. The economic development must concern on backward linkage with the agriculture sector or primary sector, on the other hand, the forward linkage must concentrate on management, which will increase the added value, and good marketing so that the product will not be in vain. This agricultural development is known as agribusiness (Saragih, 2001).

According to Saragih (2001), agribusiness system is all of the activities, starting from the stock and supply the production, to the agribusiness and agro-industry product marketing shall be related to one another. Agribusiness

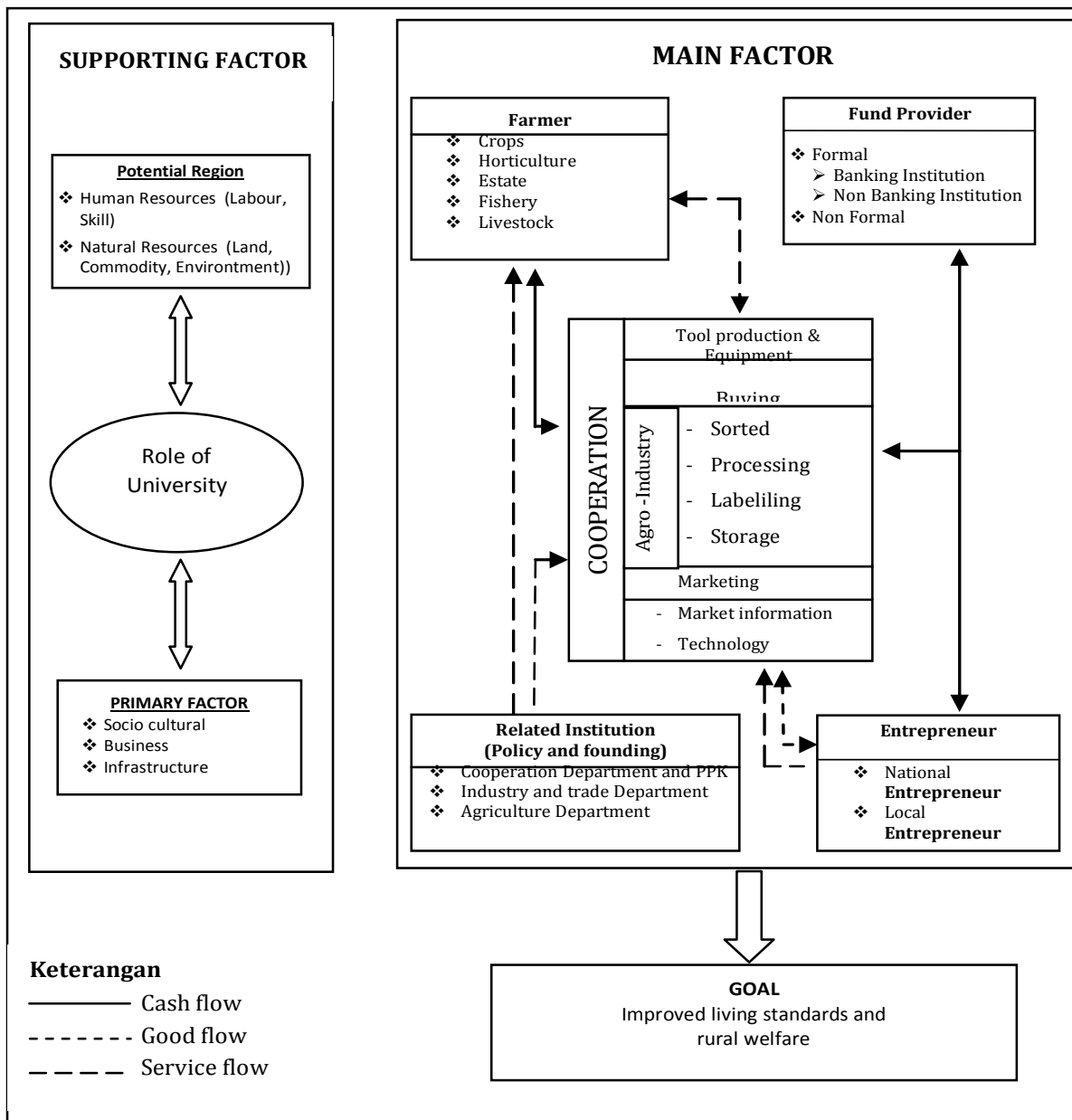


Figure 1. Agribusiness model in rural community economic empowerment.

of a system includes (1) subsystem of production which means procurement; (2) production subsystem; (3) product management subsystem; (4) marketing subsystem; (5) institutional subsystem. To run the subsystem properly, based on the agribusiness demand, a rural community economic empowerment model based on agribusiness should be designed by involving several supporting institutions.

Several supporting factors of agribusiness-based rural economic development are (a) primary factor which consists of the role of university to actualize the local and environment potency; (b) main factor consists of

farmer/agribusiness executor, entrepreneur, banking institution, related institution, and local economic enterprise (Koperasi). The work sheet of primary factor and main factor in agribusiness based rural economic empowerment model is shown in Figure 1.

Primary factor: University, local potency, and environmental potency

University and college must be able to dig the potency of local natural resources, including land suitability, land

availability, superior commodity, and human resources. Moreover, university is requested to dig the potency of rural community environment and any business opportunities that suits the socio cultural condition, including its availability of means and infrastructure. University must be able to be an independent institution in order to study and recommend, as well as control the rural agribusiness activity. The success of the role is the primary determining factor in the success of the model.

Main factor

Main factor is also called agribusiness partner factor in the rural area. This factor is a partnership synergy so that the agribusiness activity in a particular system could run well. There are five main factors involved in this activity: these are farmer, banking institution, economic enterprise (Koperasi) as a rural economic institution, related institution, and entrepreneur.

Farmer: Recent farmer's problems are farmer's knowledge, capital, market assurance, structure, and infrastructure, as well as the will to do farming. To overcome these problems, the solution could be done together through an organization which has the same purpose; it is Koperasi or local economic enterprise. The farmers could start their agribusiness by using the products of university's research about their local superior commodity, then the farmers could use Koperasi (local economic enterprise) as a fund provider. This kind of partnership will surely give some benefits such as market assurance for the farmer's product, hence preventing the farmer from the price fluctuation risk.

Banking institution: This institution is loan provider for the local economic enterprise (Koperasi) and the entrepreneur. The loan is through local Koperasi which already has agribusiness or agro-industry business. Koperasi demands for capital loan for the members (farmers) and loans for the Koperasi itself (as an agro-industry executor). The entrepreneur in this case will use the loan to develop their business.

Local economic enterprise: Koperasi shall function as an enterprise at the rural area as well as a mediator of production means and farming machine/tools to its members. Moreover, Koperasi also acts as the mediator of agricultural products produced by the members. Koperasi is also expected to manage the agricultural products (sorting, packing, and stocking) as needed by the market demand. Another service of Koperasi that shall be conducted is conveying market information to its members, so that the farmers have no doubt in performing agribusiness, as there is an assurance given by Koperasi that their products will be accepted. Syahza (2002) stated that the agro stat concept in the rural

area could be developed through Koperasi. Investments done by the Koperasi is in form of transportation vehicles like farming machines (agro-industry). In addition, the farming machine shall be an investment on behalf of the member's name which means that each member has its stock on Koperasi's asset. Business fields that could be conducted through Koperasi, according to Syahza (2003), are (1) supplying and distributing production tools such as farming tools and machines; (2) agricultural products; (3) agro-industry; (4) marketing the agricultural products; and (5) banking service, transportation and stocking.

Related institution: In this case, the related institution involvement is represented by the government. It is expected that the involvement, specifically in term of policy and enrichment so that the rural community economic empowerment will be well implemented. The policy will relate to the terms and rules which provide mutual benefit among the agribusiness executors. Meanwhile, enrichments will be given to Koperasi and farmers, as well as the involvement of university or other professional institutions.

Entrepreneur: Entrepreneur here refers to the entrepreneur who owns capital and also trader (mediator, distributor, retailer). As a capital owner, they collaborate with Koperasi in providing production means and farming machines/ tools, and act as a technology supplier to support the rural agribusiness activity. The function as a trader is to distribute the agricultural products which have been through some process done by Koperasi that suit the trader's determined standard. Trader is also expected to give market information through Koperasi, either about market purchasing power, market opportunity, or experts who are in charge in Koperasi, especially on production, marketing, and quality control.

CONCLUSION

The agribusiness model based on community empowerment is an approach that takes into account several components with each different roles and functions. Agribusiness-based community empowerment model considers local potency development as a primary component as well as the whole main factors as the determining components in the success of the approach.

Conflict of Interest

The author(s) have not declared any conflict of interest.

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