



The Livestock Partnership Development Strategy between Companies and Farmers in Greater Aceh Regency

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Abstract

The partnership may unite the interests of farmers and companies as the providers of livestock production facilities. The partnership pattern can be used to overcome various kinds of shortcomings faced by smallholder farmers in Greater Aceh Regency, in case that sometimes the partnership model often causes criticism and suspicion that lead to dissension. This research aimed to find out the strategy of developing livestock partnership patterns between companies and broiler breeders in Greater Aceh Regency. The results of the study showed that the livestock partnership development strategy between companies and breeders in Greater Aceh Regency are 1) Expanding marketing and promotion networks, 2) Increasing collaboration with academics and stakeholders in developing broiler livestock, 3) Increasing livestock cultivation resources and market information, 4) Strengthening business institutional in the field of production to meet market needs, 5) Certifying the availability of quantity and ensuring the quality of livestock and conduct training / coaching for breeders, 6) Strengthening cooperative relations with partners and organizations that reinforce the livestock facilities, 7) Improving the quality of human resources in field staff and improving supervision in guidance and 8) Maximizing the use of facilities and infrastructure that are available.

Keywords: Partnership; Company; Breeder; Strategy

Introduction

Livestock subsector which is regarded as an integral part in developing the agricultural sector plays a vital role in supplying the animal protein, employment, poverty alleviation and the regional development potential. The demand for livestock production has increased in line with the increasing of community income and community nutrition awareness. The livestock feed products, especially meat, eggs and milk, are the animal feed commodity that are needed to improve the quality of food consumption. Food production of livestock is very adaptable with the society's income so that the scope of food consumption originating from livestock is influenced by the level of income of the community (Syamsu et al, 2002).

To accomplish the development of the agricultural sector, particularly, the livestock sub-sector, so that to support animal protein needs which is part of basic human needs, maximum productivity must be sought to increase farmers' income. The need for chicken meat as a source of animal protein increasing continually along with the growth of population rates and public awareness about the importance of nutritious food ingredients. In addition, the benefits of chicken manufacturing, especially broilers, also contribute positively to improve community income.

Greater Aceh Regency is one of the strategic regions and the closest area to the center of the capital city of Aceh Province, making it one of the largest suppliers of chicken meat to meet the market needs of the capital city of Aceh Province. Greater Aceh Regency has the opportunity for its society to develop broiler chicken business to meet market demand in Greater Aceh Regency and Banda Aceh city.

The need for chicken meat as a source of animal protein continues to increase along with the growth in population rates and public awareness about the importance of nutritious food ingredients. In addition, the benefits of maintaining chicken meat, especially broilers, also contribute positively to increase community income. According to Fadillah (2004) the development of broiler chickens is in line with the population, lifestyle, income or financial conditions, economic and political situation. Every year the production of broilers in Greater Aceh Regency continues to increase drastically which proves that broiler chicken farms provide a positive contribution.

Table 1. Population, Slaughtering and Production of Broiler Chicken in 2013-2017 in Greater Aceh Regency.

Year	Slaughtering (quantity)	Broiler Chicken Meat Production (Kg)
2013	66.377	24.5621
2014	44.108	32.286
2015	82.736	108.836
2016	910.553	2.276.375
2017	2.339.391	2.339.391

Central Bureau of Statistics (2018)

The table above reveals the general condition of broiler chickens in Greater Aceh Regency shows a significant change or in other words, it shows a high level of people's interest in running livestock business, furthermore, broiler farms can be run independently whereas farmers provide their own capital and market their own products or another alternative as the partnership pattern can be applied where capital and sales mutually work with the company. The majority of broiler breeders in Greater Aceh Regency use a partnership system that joint with companies.

According to Sulistya et al. (2004) The partnership unites the interests between the breeders and the capital authorities or companies as providers of production facilities, where prices are determined unilaterally by the company so that the partnership pattern which is a system of agribusiness that is adapted in this livestock is not entirely complete as an agribusiness system. However, according to Fitriza et al. (2012) Problems in the partnership model often causes criticism and suspicion that lead to dissension.

The partnership pattern can be useful in overcoming various kinds of shortcomings faced by smallholders. The partnership development program is one of the policies implemented by the government to increase livestock and meat production. The partnership is expected to be a solution to stimulate the growth of farmers in Greater Aceh Regency.

The process of restructuring the strategy in the development of livestock business partnerships in Greater Aceh Regency is still not as deep as expected by both businesses and investors in developing livestock businesses in Greater Aceh Regency.

Research objectives

This research aims to find out and develop a strategy to facilitate livestock business farmers in developing sustainable broiler chicken business partnerships in Greater Aceh Regency.

Research methods

This research is conducted in several livestock businesses spots in Greater Aceh Regency, the respondents of this research were selected purposively in order to observe and compare the factors owned by the business and the factors desired by broiler livestock entrepreneurs, kind of data that are used in this research were primary data that were supported by several literature studies.

Research Population and Samples

The population and sample of this study were broiler chicken breeders, investors and some concerned parties in the field of animal husbandry partnership in Greater Aceh Regency.

Technique of Data Analysis

This research was a descriptive study which was conducted with primary data exploration methods starting from the conditions of strengths, weaknesses, opportunities and threats possessed by broiler livestock business farmers in Greater Aceh Regency.

The research analysis was using an analysis tool, SWOT. According to David (2006) the strategy formula is needed to determine such activities in order to achieve any specific goals. SWOT analysis is an analysis tool that is quite effective, and efficient and it was able to observe any possible upcoming changes through a systematic approach within the process of introspection (Rangkuti, 2015).

The SWOT matrix is a tool to organize the strategic factors of a business that clearly illustrate how external opportunities and threats faced by a business sector can be sought with their strengths and weaknesses. The results of the SWOT analysis consist of four quadrants. Each quadrant is a combination of external factors (opportunities and threats) and internal factors (strengths and weaknesses). The procedures in making a SWOT matrix according to David (2011) are as follows:

1. Import opportunities and threats in the vertical column on the left.
2. Import the strength and weakness factors in the horizontal column at the top.
3. Match internal strength with external opportunities based on information obtained at the input stage, then record the SO cells (*strength-opportunity*).
4. Match internal weaknesses with external opportunities based on information obtained at the input stage, then record the WO cells (*weakness-opportunity*).
5. Match internal forces with external threats based on information obtained at the input stage, then record the ST cells (*strength-threat*).
6. Match internal weaknesses with external threats based on information obtained at the input stage, then record the WT cells (*weakness-threat*).

Table 2 . Matrix of SWOT

Internal Factors	<i>Strengths (S)</i>	<i>Weaknesses (W)</i>
External Factors	SO Strategy	WO Strategy
<i>Opportunities (O)</i>	Using strength to take advantage of opportunities	Minimizing weaknesses to take advantage of opportunities
<i>Threats (T)</i>	Using strength to overcome threats	Minimizing weaknesses to avoid threats

Source : David (2011)

Results and Discussions

Internal Factors (Strengths and Weaknesses)

Table 3. Matrix of Internal Factors (Internal Factor Evaluation/ IFE)

Strategic internal factors	Weights	Rating	Score
Internal factors			
Strengths			
Guaranteed income (according to contract)	0,130	3	0,442
Resources in managing livestock business meet the standards	0,171	4	0,763
Extensive marketing network	0,157	4	0,643
Breeder partner mentoring (quality management) which is monitored directly by the company	0,112	3	0,329
Total Score of Strengths			2,178
Weaknesses			
Fluctuations in the availability of quality, DOC and Feed prices	0,094	2	0,233
The bargaining position of companies and breeders is weak	0,098	3	0,252
Limitations of field officers in resolving non-technical problems	0,111	3	0,322
no maximum use of installed capacity	0,126	3	0,417
Total Score of Weaknesses			1,223
Difference (Strengths-Weaknesses)			
Total	1,00		3,402

From the results of the IFE analysis, the internal factors of resource strength in managing livestock businesses are fulfilled, with the highest score is 0.763 due to the fulfillment of resources is completed well, the problems such as capital loans and access to obtaine production facilities can be surmounted, thus, the sustainability of business is guaranteed. extensive marketing network places in the second rank with a score of 0.643, guaranteed income (according to contract) is in the third place with the total score is 0.442 and mentoring for breeder partners (quality management) which is monitored directly by the company places the fourth highest score with 0.329 .

The Internal factors of weaknesses that must be strongly considered to strengthen the effort and to minimize the obtained losses in managing broiler chicken livestock business is there is no maximum use of installed capacity with a score of 0.417, lack of broilers cages readiness and overdue broiler harvesting which is not appropriate with the scheduled plan affected the profit quantity due to lack of the number of production periods that ought to be harvested in 6-7 times a year. The second highest weakness is the limitation of field workers in resolving non-technical problems with a score of 0.322, field workers have greatly contributed to run a good partnerships because they are intermediaries between companies and breeders in resolving complains and problems. Low bargaining position of companies and breeders is the third sequence of weaknesses with a score of 0.252 and fluctuations in the availability of quality, DOC prices and feed into the fourth weakness sequence with a score of 0.233.

*External Factors (Opportunities and Threats)***Table 4. Matrix of External Factors (External Factor Evaluation / EFE)**

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Internal Factors			
<i>Opportunities</i>			
The growth of poultry supplier, especially the broilers.	0,159	4	0,727
The trend of chicken consumption is increasing.	0,135	4	0,521
The society's interest to join the partnership is increasing.	0,146	4	0,615
The breeder partner mentoring (quality management) which is monitored directly by the company	0,114	3	0,372
Total Score of Strengths			2,234
<i>Threats</i>			
vulnerability to chicken theft and livestock production facilities.	0,085	2	0,206
vulnerability to an issues attack and disease outbreak on broiler chicken farms.	0,120	3	0,411
Climate / weather changes that can threaten the uniformity of poultry quality	0,136	4	0,615
Business competition with the independent farmers.	0,106	3	0,372
Total Score of Weaknesses			1,604
Total	1		3,702

From the results of EFE analysis, the most powerful external factors for broiler partnership business development opportunities are the growth of suppliers and buyers (basket) of poultry, especially broilers with a score of 0.727, if the poultry production companies increase, it will provide variety diverse partners to be selected, and the quality will be better maintained because of business competition. The customers of the broilers that have been harvested is continually risen due to the increasing of chicken meat consumption in the community. The stable high interest of the community to become partners is showed from the opportunity external factors with the score of 0.615. By having business partners, the business duties will be simpler because the risks and business capital will be the responsibilities of the both sides. the third sequence of external opportunity factors is the increasing trend of chicken consumption with a score of 0.521 and the support from government for poultry industry partnerships places the fourth position in external factor of opportunities in Greater Aceh Regency with a score of 0.372.

The first threat external factor faced by partnership livestock entrepreneurs is climate / weather change which can threaten the uniformity of the quality of livestock products of broiler farms in Greater Aceh Regency with a score of 0.615, the unpredictable weather changes are unavoidable but this can be anticipated with the right and better management preparations. The vulnerability to an issues attack and disease outbreak on broiler chicken farms is the second highest threat external factor with the total score of 0.411. while business competition with independent farmers and prone to chicken theft or livestock production facilities is in the third and fourth place of external threat factors with a score of 0.372 and 0.206. From the results of the EFE analysis above, we can see that the opportunity factor is greater when compared with the weakness factor, this is an opportunity for the people of Greater Aceh to explore livestock business governance for the development of broiler farm partnership business in Greater Aceh Regency.

Based on the results of the IFE and EFE matrix score analysis, the total IFE score was 3.402 while the EFE total score was 3.702. From these results, the illustration of each score consisting of internal and external factors places the business position of the broiler farm partnership in the stage of grow and build in the first cell. This means that the broiler farm partnership business is in a strong

internal condition and high external condition. The following is an analysis of the Internal - External Matrix (IE) in the partnership between broiler farms in the research area.

Table 5. Internal Matrix - External partnership business for broiler farms in the Regency of Aceh

Evaluation of External Factors	Evaluation of Internal Factors		
	Strong 3,00 – 4,00	Medium 2,00 – 2,99	Weak 1,00 – 1,99
High 3,00 – 4,00	I	II	III
Medium 2,00 – 2,99	IV	V	VI
Low 1,00 – 1,99	VII	VIII	IX

Note: A yellow star is located at the intersection of the 'High' external factor row and the 'Strong' internal factor column (Cell I).

Based on strengths, weaknesses, opportunities and threats obtained through analysis of internal and external factors. The alternative strategies can be formulated using the SWOT matrix as found in the following table:

Table 6. SWOT Matrix of Development Strategy for Animal Husbandry Partnership in Greater Aceh Regency

	STRENGTHS (S)	WEAKNESSES (W)
IFE	<ol style="list-style-type: none"> Certainty of income (according to contract). Resources in managing livestock business meet the standards Extensive marketing network. Training / mentoring for breeders partners (quality management) 	<ol style="list-style-type: none"> Fluctuations in the availability of quality, prices of DOC and Feed. The low bargaining position of companies and farmers. Limitations of field workers in resolving non-technical problems. There is no maximum use of installed capacity
EFE		
OPPORTUNITIES (O)	STRATEGY SO	STRATEGY WO
<ol style="list-style-type: none"> Growth of poultry supplier business, especially the broilers. The trend of chicken 	<ol style="list-style-type: none"> Expanding marketing and promotion networks (S2, S3; O1, O2) Increasing cooperation with Academics and stakeholders 	<ol style="list-style-type: none"> Increasing resources in the field of livestock cultivation and market information (W1, W2; O1, O2, O3). Strengthening business

consumption is increasing. 3. The society's interest to join the partnership is increasing 4. Government support for partnerships in the poultry industry.	in the development of broiler livestock businesses. (S1, S4; O3, O4)	organizations in the production sector to meet market needs (W3, W4; OO3, O4).
THREATS (T)	STRATEGY ST	STRATEGY WT
1. Vulnerability to chicken theft and livestock production facilities 2. vulnerability to an issue attack and disease outbreak on broiler chicken farms 3. Climate / weather changes that can threaten uniformity in the quality of poultry 4. Business competition with the independent farmers	1. Certifying the Availability of Quantities and Ensuring the Quality of Livestock and Conducting Training / Coaching for HR farmers (S2, S4; T2, T3) 2. Strengthening Cooperation Relationships with Partners and Institutions that Support Strengthening Animal Husbandry Facilities (S1, S3; T1, T4)	1. Improving the quality of field human resources workers and improving supervision in guidance (W1, W3; T3, T1) 2. Maximizing available advice and infrastructure (W2, W4; T2, T4)

From the SWOT matrix table above, a number of strategies for developing a livestock partnership business in the Greater Aceh Regency are drawn up, SO; WO; ST and WT are a combination of external and internal environments in producing the the strategy selections :

Strategy (SO)

1. Expanding network marketing and promotion
2. Increasing cooperation with academics and stakeholders in the development of broiler livestock businesses

Strategy (WO)

1. Increasing resources in the field of livestock cultivation and market information.
2. Strengthening business institutions in the field of production to meet market needs.

Strategy (ST)

1. Certiifying the availability of quantity and ensuring the quality of livestock and conduct training / coaching for breeders
2. Strengthening cooperative relations with partners and organizations that reinforce the livestock facilities

Strategy (WT)

1. Improving the quality of human resources in field staff and improving supervision in guidance
2. Maximizing the facilities and infrastructure that are available

Conclusions

The results of the SWOT analysis, the strategy in developing a livestock partnership business between companies and farmers in Greater Aceh Regency are:

1. Expanding marketing and promotion networks.
2. Increasing collaboration with academics and stakeholders in developing broiler livestock
3. Increasing resources in the field of livestock cultivation and market information.
4. Strengthening business institutions in the field of production to meet market needs.
5. Certifying the availability of quantity and ensuring the quality of livestock and conduct training / coaching for breeders
6. Strengthening cooperative relations with partners and organizations that reinforce the livestock facilities
7. Improving the quality of human resources in field staff and improving supervision in guidance
8. Maximizing the facilities and infrastructure that are available

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