

ENTREPREUNERSHIP AND SOCIAL ENTREPREUNERSHIP IN FARMING

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ABSTRACT

Enterpreneurship has an important role in economy, because it can produce products and also absorb labors. The agriculture sector is the main livelihood and potentially elevated by enterpreneurship programs. There are, however, obstacles to do so; such as: limited capitals, lands, and low level of farmer education and of the social quality. Farmers in the agropolitan area of Tulungagung Region also have the same problems, there are even many more external obstacles especially climate factors that are unpredictable. This even worsens economic conditions of farmers. These obstacles have made programs for increasing economic conditions of farmers become more difficult to develop. A concept that might hopefully cope these problems is the social enterpreneurship mainly based on farmer cooperation. The cooperation is functioned as a cornerstone of rural society economy by expanding businesses. It is also as a core of activities in planning and also in executing by involving farmers as active participants. Business fields of village cooperation have also to be expanded and elevated because the cooperation role is now becoming complex from upstream to downstream.

Key words: entrepreneurhip, social entrepreneurhip, farmer

INTRODUCTION

Agriculture sectors (including sub-sectors: food crops, plantations, livestock, forestry, and fisheries) have been main sources of income of most Indonesian people. These sectors absorb more than 35% of Indonesian workforce. Besides producing raw materials for industrial sectors, they are also consumers of industrial products, users of transportation and trade sectors.

Agriculture is the main livelihood of rural societies. On the other hand, farmers have low bargaining power toward agricultural products. It is due to farmers have lack access to market information and they just have insufficient capitals.

Due to the important role of agriculture, Local Government has tried to develop a concept of area development to explore potential region especially in agricultural fields. The area development is an effort to build and develop an area based on spatial approach by considering socio-cultural, economic, physical environment, and institutional aspects within a framework for integrated planning and development management.

In developing area, the Local Government of Tulungagung has established local regulations 11/ 2012 about Spatial Planning and Territory (Rencana Tata Ruang Wilayah). In article 46 paragraph 2, it is stated that Agropolitan area covers Sendang; Pagerwojo; and Karangrejo.

The main goal that want to be achieved by the policy of agropolitan area development is that yaitu the area will become an alternative concept of area development which be able to push local economy, to create synergy inter-regional development which is more balanced, to cope problems of rural development, and also to improve sustainable management of the land (Bappeda Provinsi Jatim, 2011).

Transformation process of rural area to become agroindustry has been discussed by many scientists and this has been a real demand in the process of development of modernization of agricultural society. It is due to the fact that agricultural activities are in rural area. By considering villages as containers of economic activities, we have to change our inferior view toward this area. Rural area is actually potential basic for economic activities through investment of facilities and infrastructure that support agriculture, as well as directing it more unified. It is the time that rural area is not only viewed as a supporting area of urban area, but rural development has to be integrated with urban development.

Dumasari and Watemin (2010) in their research concluded that besides their low level of formal education, the farmers' participation in various non formal education was also limited.

Farmers who were categorized as poor (farm workers) rarely participated in activities of counseling, training, and the demonstration of technology of agricultural information and innovation. The work productivity, creativity, bargaining power, and the ability of entrepreneurship of farmers were also categorized low. Unpowerful farmers' spirit and abilities in entrepreneurship became socio-economic factors that hindered the development of self potential to manage productive micro businesses in rural area. Inefficient farming management resulted insufficient income. This indicated that the majority of farmers still only focused on farms rather than *off farms*.

One of factors that support the successful determination of agropolitan areas is the growth of farmers' entrepreneurship which can increase the value added of agricultural products and farmers' income and consequently absorbing many labors.

Based on the above issues, this article will discuss how the farmers in agropolitan areas view the opportunity for entrepreneurship. Considering that the agropolitan strategic area has great potential from agricultural products, such as rice, horticulture, palawija and fresh cow's milk.

LITERATURE REVIEW

1. Agropolitan Definition

Agropolitan (Agro=agriculture:Politan=city) is growing and developing agricultural cities which are able to spur the development of agribusiness system and business so as to serve, encourage, attract agricultural development activities in the surrounding area.
<http://www.deptan.go.id>.

Agropolitan areas are determined by the existing economic scale. The development of agropolitan areas is the economic development based on agricultural sectors, which is designed and implemented by synergizing various potentials that are intended to encourage the development of competitive, community-based, sustainable and decentralized agribusiness systems and enterprises, which are mobilized by the community and facilitated by the government.

2. Entrepreneurship Definition

- a. According Jean-Baptiste Say; *The entrepreneur shifts resources out of an area of lower and into an area of higher productivity and greater yield.*
- b. Entrepreneur as “a person who starts a *business* and is willing to *risk* loss in order to make money” or “one who organizes, manages, and assumes the *risks* of a *business* or enterprise.”
Note the common keywords *business* and *risk*. If there’s no real business or risk, you’re not an entrepreneur.
- c. Thomas W Zimmerer
Entrepreneurship is the application of innovation and creativity to solve problems and take advantage of various opportunities faced by others everyday
- d. Kasmir
An entrepreneur is a brave and courageous person who takes risks to open a business on various occasions.
- e. Harvey Leibenstein
Entrepreneurship includes the various activities necessary to implement and create the company at the time when the market has not yet been established, has not been clearly identified, or some of its production function have not been fully identified.
- f. Peter F Drucker
An ability to create something new and different.
- g. Gallup defines entrepreneurs as individuals who proactively seek to generate value through the expansion of economic activity and who creatively respond to the challenges and needs faced in the process of achieving these outcomes.

Based on definitions stated above, it can be concluded that an entrepreneur is an innovative and creative person who is able to capture the opportunity and dare to bear the calculated risks and able to organize the effort in the attempt to take advantage of opportunities and profit.

1. Social Entrepreneurship

The concept of social entrepreneurship is the use of techniques / ways by start-up companies and other business actors to build, fund and implement solutions in social, cultural or social issues. This concept can be applied to a wide range of companies, both profit and nonprofit

or mixed companies of both types. The emphasis on social entrepreneurship is a recoverable benefit to society such as poverty staging, community development and health issues

In the era of the 2000s, the debate between researchers and practitioners about who from individuals and organizations can be considered as social entrepreneurship. Until now there is no agreement of the clear definition, there is no company that has so many disciplines and organizations that are associated with social entrepreneurship. Based on this, there is a difficulty in defining social entrepreneurship.

According to David Bornstein who uses the term "social innovator" which can be equated with social entrepreneurs, because of the creative and non-traditional strategies used by many social entrepreneurs. For a clearer definition of social entrepreneurship, it is necessary to establish a social entrepreneurship function in addition to the voluntary sector and charitable activities and identify the limits on which the social entrepreneur operates. Some scientists have argued for limiting the term to the founders of an organization that primarily relies on earned income (meaning revenue is earned directly from paying customers), rather than income from donations or grants. And another opinion by adding work contract to public authorities, while others include grants and donations.

In this article, the understanding of social entrepreneurs is on individuals or organizations that conduct innovation activities in the field of business-oriented to solve the socio-economic problems of farmers. So the subject is individual or organization.

2. Farmers' Entrepreneurship

Agricultural sector becomes an important sector in the structure of the Indonesian economy in line with the development of the nation's economy, but the Indonesian agricultural sector is experiencing problems in increasing the amount of food production, especially in traditional agricultural areas in Java and outside Java. This is because of the limited land that can be used for farming. Increasing population growth makes the need for land for residence and various means of supporting the life of the community also increases. Conversion of agricultural land is also caused by industrial development which also makes technical irrigation agriculture decrease.

At this time the problems of farmers are becoming much more complex. Government policies and climate change issues are of concern to farmers in running their businesses. The

Ministry of Agriculture has indeed sided with farmers, such as IT-based counseling (ePetani) developed and the availability of farm produce is guaranteed to exist.

Unpredictable climate change has become an important issue for farmers. Farmers in Indonesia are predominantly traditional, who are dominantly dependent on nature. Climatic patterns greatly affect the success of their harvest, and it will reduce farmers' productivity if there is no solution.

The other cause of this productivity decline is that the water supply that irrigates agricultural land is also reduced. The existing reservoirs and embankments and irrigation canals need to be revitalized. In addition to the illegal logging of forests still occurring, the use of forests for horticultural agriculture also affected the forest area, and the El Niño-La Nina weather cycle further reduced the supply of water that flowed from the mountains to farmland.

Another problem that is also very important is the issue of agricultural trade that is still not pro-farmers. Prices of agricultural products are highly dependent on markets and middlemen. While agricultural output is the main income of farmers, it is necessary to change the agricultural trade system that can change the sales system so that the farmers especially at harvest time still get adequate income.

Not only the external problems faced by farmers but also the internal problems. The level of education of farmers who are mostly uneducated, and dogmatic. They tend to surrender to the situation, and make no effort to fight for their rights. Another obstacle is that farmers in Indonesia are limited by narrow farmland. Based on the business capacity, farmers in the Agropolitan area are included in small farms.

The above conditions make it difficult for farmers to accept change and accept technology in agriculture, some causes are due to capital limitations, fear of varieties not yielding as expected, fear of trying something new because of uncertain results (fear of risk).

The complexity of the problems faced by farmers impacts the farmers are not proud of what they are doing. This also affects the young generation of farming families are reluctant to become farmers and also encouraged by the advice given to their children not to follow his tracks (Sastraatmadja, 2006). Urbanization from village to town has become common. Agriculture is increasingly abandoned by society. The view that farmers are marginalized is at the root of the process of how farmers to behave. Perspective like this still attached in many farmers. And if they are able to think far more, the profession as a farmer really gives life to so many people.

This marginalizing view makes the farmer unenthusiastic about what he does and what he is devoted to. It is easy for farmers to give up their land to get cash directly for development that empowers the rich. Yet if they realize the urgency of agriculture, they will be willing and able in maintaining the land.

The area of agropolitan strategic region in Tulungagung regency also faces many problems. Internally, the majority farmers still have low level of formal education, while the agricultural sector is still the main source of income for the people in the agropolitan area.

Problems faced by farmers in improving the results of processed agricultural production (entrepreneurship) as follows:

1. Because farmers do not have entrepreneurial knowledge yet, they generally focus more on business in the sector on farm (agricultural cultivation), so off farm sector (marketing and processing of agricultural products) has not been done.
2. The majority of farmers' time has been spent on managing dairy cows that require a lot of attention from farmers.
3. Low knowledge of yield processing, and marketing of agricultural products
4. Weak capital from farmers

According to David Khan in entrepreneur in small-scale farming is divided into four types:

- 1) Farming exclusively for home consumption. These farmers farm and produce only to meet the needs, and rarely produce a surplus of production
- 2) Farming primarily for home consumption marketing surplus,
In this type, farmers farm primarily to provide adequate household consumption and production surplus for sale.
- 3) Farming primarily for the market with some home consumption.
The priority of agricultural production is to sale with a small portion for household needs.
- 4) Farming exclusively for the market.

In this type, farmers farm only to meet the needs of the market. Based on the criteria of farmers above, the majority of farmers in the Tulungagung Agropolitan area included in type 2, in addition to the consumption of farmers also utilize the production to meet the other needs of lives.

The entrepreneurial environment

Farmer-entrepreneurs operate in a complex and dynamic environment. They are part of a larger collection of people including other farmers, suppliers, traders, transporters, processors and many others. Each of these has a role to play in producing products and moving them through to the market – through the value chain. Each one needs to be an entrepreneur. They also need to respect each other and work together to make the whole system work better and be more profitable.

According to Kahan; the farmers' entrepreneurship environment includes all the people involved in the agricultural production process from upstream to downstream. Every individual is a part of the process and is an entrepreneur in which they must respect each other so that the entire system works well and more profitable.

Are Farmers Included Entrepreneurs?

According to David Kahan;

Farmer-entrepreneurs see their farms as a business. They see their farms as a means of earning profits. They are passionate about their farm business and are willing to take calculated risks to make their farms profitable and their businesses grow.

Based on the literature review, it can be concluded that farmers who view agriculture as a meaningful business venture from their farm get a profit. They are passionate about the agricultural business and dare to face measurable risks to make their farm profitable and their business grow.

Whether or not farmers in the Agropolitan region are entrepreneurs. Most farmers in the Agropolitan area are not entrepreneurs because innovation as a key to entrepreneurship has still not developed in farmers. Farmers do not tend to innovate on agriculture because of constrained capital, low level of education, and lack of knowledge and skills.

DISCUSSION

In an effort to encourage agricultural development and improve the living standards of farmers, there have been policies established, one of them was the model of development of nucleus estates and smallholders (NES) since the 1960s. The farmers are encouraged to not only gain the added value of the primary outcome, but also process the results of their

businesses to provide added value, after which then the concept of the People's Core Plantation (Perkebunan Inti Rakyat – PIR). Implementation of the PIR concept involves large corporations as the core that will foster small holder plantations as plasma, where at the beginning of this concept the private plantation is still considered not so strong that the choice falls on the BUMN (Badan Usaha Milik Negara or State-owned Enterprises) to develop the PIR pattern. In order for the development of PIR plantation patterns to be implemented according to applicable technical standards, the functioning of the Nucleus Company plays an important and decisive role. Thus it is like a *culturstelsel*, then the core company will determine the price, product quality, and yield without transparency. As a result the position of the peasants remains weak, which should be kept independent, remains dependent.

In a people's economic-based development approach, it should be plasma farmers who are given a capital credit to set up a processing plant so the core factory from the very beginning could be owned by plasma farmers. Outside investors can participate, assist management, technology, marketing, and even participate in ownership.

There should be a development model that creates economic added value and cultural social added value for the minority people toward independent society. In order to provide support to farmers, it is necessary to enforce the principle of togetherness in favor of farmers because it is not opposed to the principle of equal treatment, for which the concept of Triple Co is introduced, namely co-ownership, co-determination, and co-responsibility as a principle of togetherness in building and developing business.

The concept of participation model and the emancipation of farmers in participating in improving the quality and capacity of their business can be executed by applying the model of social entrepreneurship developed by Jollibee Foundation (Philippines), Catholic relief Service Foundation and National Livelihood Development Corporation.

Increased output is important in the concept of economic growth, therefore it is necessary to make efforts to grow entrepreneurs. The development of entrepreneurship is also expected to absorb labour.

Given the limited capital, the low level of education, limited land, it is necessary to develop a concept that can bridge the limitations of the farmers with the desire to improve the living standards of farmers with cooperative-based social entrepreneurship with the main objective is to increase the bargaining power of farmers to increase farmer income. This will

require the involvement of many parties, especially the government as a facilitator of development, especially the development of village communities.

Social entrepreneurship can assist in the formation of agropolitan areas on the slopes of Wilis mountain. Agricultural development in the slopes of Wilis mountain should also be concerned with the concept of environmentally sound development, so that sustainable development can be implemented. Development of agropolitan area that still maintain environmental sustainability can be developed with the tourism sector with the concept of ecotourism that will be consistent with the purpose of determining the area of Wilis circle as one of the tourist destinations in East Java Province.

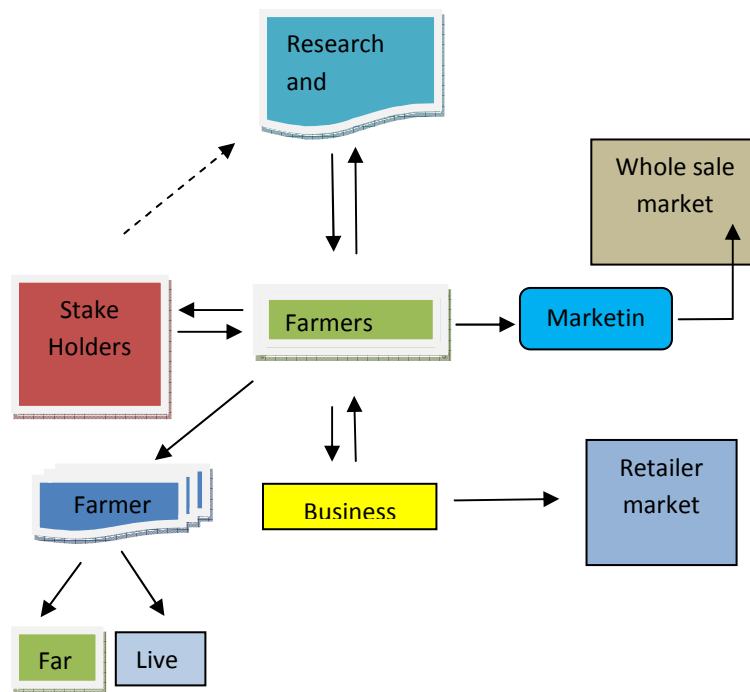
Based on the understanding of David Kahan about the entrepreneurial environment of farmers, then for the proper area of Agropolitan area in Tulungagung regency is a form of social entrepreneurship with the main driving force of farmer cooperatives. The cooperative acts as a manager of farmers, assisting farmers in the process of agricultural production, processing of yields such as grading (standardization of agricultural products), adding value, selling agricultural products to wholesalers and retailers at more competitive prices.

Social Entrepreneurship Model for farmers

In this model of social entrepreneurship, the Farmer Cooperative (Koperasi Tani/Koptan) as a cornerstone is the main driving force in the concept of social entrepreneurship model. Farmer cooperatives are expected to solve socio-economic problems of the community, especially farmers in rural areas. The cooperative acts as a driving force for changes in the farmers' economic system with the application of science and management systems. This requires support from related parties such as government, universities, research institutes, financial institutions and other institutions involved in rural development.

The model of farmers' social entrepreneurship is presented below.

Diagram 1; model of farmers' cooperative social entrepreneurship



Note :

- Farmer cooperatives are the core of the whole process of social entrepreneurship. The cooperative acts as a manager and implementer of activities. In this model farmers' cooperatives are fully functioned as a cornerstone of the economy of village communities/peasant communities. To support the function, it requires coaching and developing cooperative management by adding some additional parts of the cooperative. Cooperatives should be filled with people who really care and have a strong desire to advance the lives of farmers, dare to take risks and be able to provide solutions when problems occur.
- Stake holders in this concept include, governments, universities/researchers, foundations (donors), companies, and others who want to help the development of cooperatives
- Clustering farmers, farmers are divided into several clusters in accordance with the agricultural products resulted such as; rice, crops and horticulture. Livestock sector includes the production of livestock such as milk, eggs and meat.
- Business unit is in charge of accommodating agricultural and livestock products then doing the grading of agricultural products and provide value added on the production of agriculture/livestock.
- Farmer cooperatives through the marketing team create a marketing network with both wholesalers and retailers. The marketing team's main task is to develop a marketing network

with outsiders with the aim that agricultural/livestock products can also enter the modern market. In addition, the marketing team can also take advantage of advances in information systems technology in marketing products. In marketing, it is necessary to get the intervention of government or marketing companies.

- Through the research and development department, cooperatives can work with external parties who are competent and non-binding in order to be able to provide solutions to farmers /ranchers. One example is by holding research institutes/universities to overcome dependence on the manufacturer's feed. Farmer cooperatives work together with relevant parties to develop the feed by prioritizing the use of materials available in the area, then empowering the community to be involved in the production process.

The concept of social entrepreneurship for farmers can be successful if the cooperative has good management with cooperative management who really want to improve and promote the village community, especially the farmers. Implementation of this cooperative-based social entrepreneurship model can be accomplished with support;

- Farmer community, farmer cooperatives, community leaders and village officials.
- District government as facilitator of development through related offices.
- Private companies.
- Universities / research institution

To support the success of social entrepreneurship, there are several things needed, such as:

1. Involving higher education/researcher / foundation to guide the program
2. Increasing the capacity and quality of farmer cooperative management
3. On going training and education both on cooperative management and farmers.
4. Program assistance / funding / grants from outside parties.
5. Develop information technology.

CONCLUSION

Entrepreneurship is important in a country. From the entrepreneurship sector, output increase will add economic growth. From this entrepreneurship sector is also expected the growth of labor absorption.

Villages are areas that have agricultural potentials that support urban growth, but farmers still do not get optimal benefits from agricultural products. Limited capital, education

and skill level, small farm land make farmers in the weak position of bargaining power against production. While the efforts of various parties to help farmers increase income by providing training on agricultural processing to create new business actors in the field of agricultural processing is still not significant.

Social entrepreneurship is one of the efforts that can be done with the main drivers are farmers cooperatives that are expected to provide solutions to the problem of increasing agricultural yields by applying agriculture and livestock clusterization, grading and standardization of agricultural quality to improve competitiveness, marketing solutions by building network marketing both on wholesalers and retailers as well as increasing the value added of agricultural products by providing the primary agricultural product processing skills.

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