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"Small and Medium-sized
Enterprises Competitiveness"

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AGRIBUSINESS
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*“Small and Medium-sized
Enterprises Competitiveness”*



Agribusiness Development
for Human Welfare

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EDITOR FOREWORD

The economic integrations by ASEAN certainly have given a major influence on Small and Medium-sized Enterprises (SMEs). Beside economic integration in the form of free trade area (FTA) that has been going on since the early 2000s, economic integration in the form of ASEAN Economic Community (AEC) has been ongoing since the beginning of 2016. Through this integration, SMEs have opportunity to expand access to markets, technology, and capital. But at the same time SMEs are required to improve their competitiveness in order to survive in the market.

In order to explore ideas, concept, and innovations related to the competitiveness of SMEs, International Conference on Agribusiness Development for Human Welfare (ADHW 2016) was held in Yogyakarta on May 14, 2016. The conference organized by Department of Agribusiness Universitas Muhammadiyah Yogyakarta, in collaboration with Department of Agribusiness and Information System Universiti Putra Malaysia, Department of Agro-Industrial Technology Kasetsart University, Department of Agriculture Socio-Economics Universitas Gadjah Mada, Department of Agriculture Socio-Economics of Universitas Brawijaya, Indonesian Society of Agriculture Economics, Agribusiness Association of Indonesia. Hopefully proceedings of ADHW 2016 provide stimulus for increasing competitiveness of SMEs in ASEAN, especially in Indonesia.

Furthermore, we are grateful to Allah, the Sustainer of all word, who always makes it easy for our affairs. We would like to acknowledge with thanks to all the institution and individual who joined with resources and efforts in organizing the conference that resulted in the papers which are published in this proceeding. Special thanks to all authors and discussants who contributed with their intellectual capital and responded to our call papers. Thanks and acknowledgment are also due to all reviewers of the conference who helped in evaluating submitted papers; and to the members of the Organization Committee, who ensured smooth execution of the event.

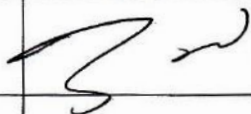
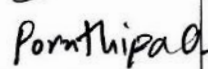

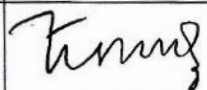
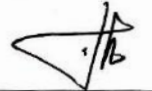
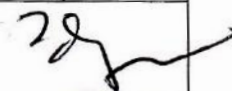
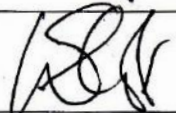
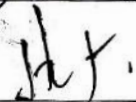
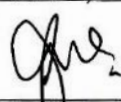

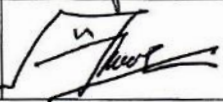
May 30, 2016

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PREFACE

Assalaamualaikum, Warahmatullaahi., Wabarakaatuh.
Dear Honorable Governor of Yogyakarta Special Province
Dear respectable Prof. Dr. Zainal Abidin Mohamed
Dear respectable Asist. Prof. Pornthipa Ongkunaruk
Dear respectable Rector of UMY Prof. Dr. Bambang Cipto, MA.
Dear all invited Guests, Speakers, and Participants of International seminar of ADHW 2016.

Alhamdulillah, all praise be to the Almighty God, so that we can be gathering here today at Muhammadiyah University of Yogyakarta in order to attend the Conference on Agribusiness Development for Human Welfare (ADHW) 2016.

Ladies and Gentlemen,

On behalf of the committee, I would like to say welcome to this International Conference on ADHW 2016 and thank you for attending our invitation.

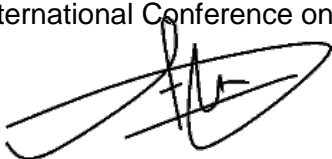
Especially, we are grateful to invited speakers, Prof. Zainal Abidin Mohamed and Asist. Prof. Pornthipa Ongkunaruk, for their willingness to share information and thoughts in this conference. As a bit report, that this conference has been attended by 85 speakers coming from five countries.

This conference entitled "Small and Medium-sized Enterprise Competitiveness". ASEAN Economic Community is the largest economic integration that is going to be implemented at the beginning of 2016 (December 31, 2015). Through this integration, SMEs will have opportunity to expand access to markets, technology, and capital. But at the same time SMEs are required to improve their competitiveness in order to survive in the market. We expect that this seminar is capable of producing thoughts building SMEs within ASEAN, especially Indonesia, to face the free trade.

This event can be done by support and efforts from all sides. Therefore, I would like to say thank you to all committee members having worked hard to conduct this event. We, as the organizer committee, do apologize when there is a shortage in conducting this event.

Wassalamualaikum, Warahmatullaahi., Wabarakaatuh.

Chairman
International Conference on ADHW 2016



Dr. Aris Slamet Widodo, SP., MSc.

WORDS OF WELCOME

Assalamu'alaikum warahmatullahi wabarakatuh

Alhamdulillah, all praise be to Allah SWT, who has given us His blessings so that this International Seminar of Agribusiness Development for Human Welfare (ADHW) 2016 entitled "Small and Medium-sized Enterprises Competitiveness" can be conducted. This International Conference is held in cooperation among Agribusiness Study Program of Muhammadiyah University of Yogyakarta with Putra University of Malaysia (UPM), Kasetsart University (KU), Association of Indonesian Agricultural Economy (PERHEPI), and Agribusiness Association of Indonesia (AAI), Universitas Gadjah Mada (UGM) and Universitas Brawijaya (UB).

Countries of ASEAN members like Indonesia, Malaysia, and Thailand have more than 90% Small and Medium-sized Enterprises (SMEs). In general, SMEs play important role in economic developments such as in terms of employment, added value, improve foreign exchange, and economic growth. For Indonesia, the role of SMEs is limited to employment and added value, while the foreign exchange from SMEs is still low. According to the General Director of SMEs of Industrial Ministry, in 2013 the total SMEs being able to pass through export market is just under 5 percent. For that required many breakthrough and innovation so that the role of SMEs becomes real economic development, especially in Indonesia, and generally in ASEAN countries.

On behalf of Agribusiness Department of Universitas Muhammadiyah Yogyakarta, we would like to express our gratitude Putra University of Malaysia (UPM), Kasetsart University (KU), Association of Indonesian Agricultural Economy (PERHEPI), Agribusiness Association of Indonesia (AAI), Universitas Gadjah Mada (UGM) and Universitas Brawijaya (UB) for all supports, sponsors, and all committee members having worked so hard that this International Conference can be conducted.

Hopefully, these synergies coming from various parties can provide contribution for developing SMEs in Indonesia and other ASEAN countries as well.

Wassalamu'alaikum warahmatullahi wabarakatuh

Head of Agribusiness Department
Universitas Muhammadiyah Yogyakarta



Ir. Eni Istiyanti, MP.



Gubernur

Daerah Istimewa Yogyakarta

Sambutan

KONFERENSI INTERNASIONAL

“AGRIBUSINESS DEVELOPMENT FOR HUMAN WELFARE”

Yogyakarta, 14 Mei 2016

Assalamu'alaikum Wr. Wb.

Salam sejahtera untuk kita semua.

Yang Saya hormati :

- Rektor Universitas Muhammadiyah Yogyakarta;
- Para Narasumber;
- Hadirin dan Para Peserta yang berbahagia,

Puji dan syukur marilah kita panjatkan kehadirat Allah SWT karena hanya atas limpahan rahmat serta karunia-Nya, kita dapat hadir pada kesempatan acara **Konferensi Internasional “Agribusiness Development For Human Welfare”** ini dalam keadaan sehat wal’afiat.

Pada kesempatan kali ini, secara ringkas Saya akan menyampaikan mengenai industri kecil menengah nasional yang menjadi tema pada pembukaan Seminar Internasional “Agribusiness Development For Human Welfare” ini.

Hadirin dan Saudara-saudara sekalian yang Saya hormati,

Berdasarkan data BPS, pertumbuhan industri pengolahan nonmigas pada tahun 2015 secara kumulatif sebesar 5,04%; lebih tinggi dari pertumbuhan ekonomi (PDB) pada periode yang sama sebesar 4,79%. Pada periode Januari-Desember 2015, nilai ekspor produk industri pengolahan nonmigas mencapai USD 106,63 Milyar, dan nilai impor mencapai USD 108,95 milyar, sehingga neraca perdagangan industri pengolahan nonmigas pada periode yang sama sebesar USD 2,32 milyar (neraca defisit).

Usaha pemerintah untuk memperkecil defisit di atas, salah satunya dengan cara memberdayakan Industri Kecil dan Menengah (IKM) yang merupakan bagian penting dalam perkembangan industri nasional. Sampai saat ini, Industri Kecil dan Menengah

telah berkontribusi sebesar 34,82% terhadap pertumbuhan industri pengolahan nonmigas secara keseluruhan.

Angka ini dapat tercapai karena dukungan lebih kurang 3,6 juta unit usaha, yang merupakan 90 persen dari total unit usaha insutri nasional. Jumlah unit usaha tersebut telah mampu menyerap tenaga kerja sebesar 8,7 juta orang, yang tentunya berdampak pada meningkatnya ekonomi nasional serta mengurangi kemiskinan.

Industri Kecil dan Menengah (IKM) memiliki peran yang strategis dalam perekonomian nasional. Hal ini sejalan dengan Visi Pemerintah dalam Rencana Pembangunan Nasional Jangka Menengah (RPJMN) 2015-2019 yaitu *“Terwujudnya Indonesia yang berdaulat, mandiri, dan berkepribadian berlandaskan gotong royong”*.

Untuk lebih meningkatkan peran tersebut, Penumbuhan dan Pengembangan Industri Kecil dan Menengah diarahkan untuk memiliki tujuan jangka menengah guna mewujudkan industri kecil dan industri menengah yang berdaya saing, berperan signifikan dalam penguatan struktur industri nasional, pengentasan kemiskinan dan perluasan kesempatan kerja, serta menghasilkan barang dan/atau jasa Industri untuk keperluan ekspor.

Hadirin dan Saudara-saudara sekalian,

Awal tahun ini, kita telah memasuki era Masyarakat Ekonomi ASEAN (MEA). Dengan demikian, perekonomian nasional akan langsung bersaing dengan para pelaku pasar di kawasan ASEAN. Produk dan jasa termasuk investasi negara-negara anggota telas bebas memasuki pasar di kawasan ASEAN.

Dalam rangka menghadapi hal tersebut, Pemerintah mengambil langkah-langkah strategis berupa peningkatan daya saing industri dan mendorong investasi di sektor industri; di mana peningkatan daya saing industri itu sendiri dilakukan melalui penguatan struktur industri dengan melengkapi struktur industri yang masih kosong serta menyiapkan strategi ofensif dan defensif dalam akses pasar.

Pemerintah telah melakukan Penguatan Sektor IKM dengan strategi ofensif dan defensifnya melalui beberapa program pelaksanaan, diantaranya antara lain: Penumbuhan Wirausaha Baru; Pengembangan IKM melalui Pengembangan Produk IKM serta Peningkatan Kemampuan Sentra dan UPT; Pemberian Bantuan Mesin dan Peralatan Produksi; Perluasan Akses Pasar melalui Promosi dan Pameran; Fasilitasi Pendaftaran Hak Kekayaan Intelektual; Fasilitasi Sertifikasi Mutu Produk dan Kemasan; serta Fasilitasi Pembiayaan melalui Skema Kredit Usaha Rakyat (KUR).

Saya berharap agar berbagai program-program pemerintah tersebut dapat didukung secara sinergis oleh seluruh komponen masyarakat. Untuk itu, Saya berpesan kepada Saudara-saudara sekalian agar semua program pemerintah dalam bidang

Industri, khususnya dalam program pemberdayaan Industri Kecil dan Menengah, didukung dengan sepenuh hati, agar dapat lebih bermanfaat bagi masyarakat dalam rangka pengembangan industri kecil menengah.

Hadirin dan Saudara-saudara sekalian yang Saya hormati,

Demikian beberapa hal yang dapat Saya sampaikan. Akhirnya dengan memohon ridho Allah Subhanahu Wata'ala, seraya mengucap "*Bismilahirrahmanirrahim*", **Konferensi Internasional "Agribusiness Development For Human Welfare"** dengan ini secara resmi Saya nyatakan dibuka. Semoga Allah SWT memberikan petunjuk, bimbingan, perlindungan dan kemudahan dalam setiap langkah dan upaya kita. Amien.

Sekian dan terima kasih.

Wassalamu'alaikum Wr. Wb.

Yogyakarta, 14 Mei 2016
GUBERNUR
DAERAH ISTIMEWA YOGYAKARTA



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NUTMEG'S (*MYRISTICA FRAGGAN HAITT*) ANALYZE MARKETING MARGIN AND EFFICIENCY OF TANJUNG SANI VILLAGE TANJUNG RAYA SUBDISTRICT AGAM DISTRICT

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Abstract

Focus of this paper are to analyze marketing margin & efisiensi and to analyze farmer's share at Tanjung Sani Village Tanjung Raya Subdistrict Agam District. Data prise was taken in July – December 2015. This research was using survey data and analyze by kualitatif. The result are margin at second channel (Rp 24.352,94/kg) was bigger than first channel (Rp 22.846,15/kg) but farmer's share at second channel was smaller (55,72%) than farmer's share at first channel (58,46%) and also for value of marketing efficiency second channel was smaller than first channel. Based on the result, researcher suggest farmer's choosing second channel to reduce their total cost by selling their product to district middleman directly. However to increase their share, farmer's suppose to choose first channel. Farmer's should doing vertikal integration to cut marketing channel so they can incese selling price and farmer's share.

Keyword : nutmeg, margin, efficiency

INTRODUCTION

Agricultural development directed at increasing production to meet food needs and the needs of the domestic industry, increase exports, increase farmers' income, expand employment opportunities and encouraging equal opportunity of trying (Soekartawi, 2002).

Plantations are included in a part of agricultural sector development are relied on to achieve strong agriculture. The plantation sector has an important role especially in promoting the prosperity and welfare, foreign exchange income, employment providers, obtaining added value and competitiveness, the domestic consumption, industrial raw materials in the country as well as optimizing the management of natural resources in a sustainable manner (Direktorat Jenderal Perkebunan, 2006).

Nutmeg is native plats of Indonesia which came from Banda and Maluku. Nutmeg (*Myristica fragrans* Houtt) is a fruit crop with tall tree. Nutmeg production in Indonesia has increased each year. Based on data from Dirjen Perkebunan

(2006) concerning the production of Nutmeg from 2000 to 2005 ranged from 20,010 of 23,600 tons, while the total area of 59500-74700

Fresh nutmeg can produce fruit meat as much as 77.8%; mace as much as 4%; shell beans as much as 15.1% and 13.1% as much seed meat. Meat nutmeg is the biggest part of a fresh nutmeg fruit is 77.8% but only a small fraction has been utilized and mostly discarded as agricultural waste (Rismunandar, 1990).

The growing competition for quality and quality of crop production as well as the percentage of the price, makes the lack of willingness of produce at the farm level to hold a new planting and other efforts to increase production. The percentage of low prices and the income received by farmers reduce the enthusiasm of farmers for production (Mubyarto, 1989: 208)

To improve agricultural yields and the market need to have a pretty high price to pay back the costs of cash and the efforts that have been issued during the farmers produce it. In the absence of

market outcomes, the farming of agricultural production will not be aroused (Hanafie, 2010: 12).

Cost is often measured by the margin trading system trading system that actually shows part of consumer payments needed to cover the costs incurred in the process of business administration. Farmers' income will be increased by an increasingly efficient trade channels. Meanwhile the issue of the smooth trading system is highly dependent on the quality of products produced by farmers and manufacturers also attempt menyempurnaan performance of institutions trading system and the system itself, so it will be able to expand employment and increase income and welfare of farmers.

One of the districts into nutmeg production center in Agam District is Tanjung Raya where the highest crop production distric. The district of Tanjung Raya is the largest nutmeg-producing areas in Agam District, which for the year 2013 in the district of nutmeg production amounted to 542 tons with a total area of 529 hectares (Tanjung Raya in Figures, 2013). In 2013 there were three groups of recipients farmer nutmeg seed in District cape highway that farmer groups move forward together, farmer groups of Lambah Caracai and Harapan Desa.

Agriculture nutmeg in District Tanjung Raya generally subsistence, where the sale of nutmeg is used to meet the household needs. Household needs of farmers are diverse and do not have their own distribution channels in the sales of their products, farmers can only sell their products to middlemen. The long distance and limited access to transportation is an issue that farmers sell nutmeg produces. This will certainly affect the margin trading system on sales of nutmeg.

The process of nutmeg trade system requires a long time. Many commercial institutions involved in business administration business administration affect the length of the short chain. Long chain trading system will affect the cost of trading system that will lead to the growing price gap between

producers (farmers) and the final consumer.

The length of the chain trading system characterized by the number of middlemen who passed from the farmer to the final consumer (exporters). Commercial institutions are middlemen involved in business administration including farmers, collectors village, inter-regional traders and exporters.

Based on the above problems it is necessary to do some research to answer the question:

1. How is the margin trading system nutmeg
2. The efficiency of business administration as well as the share received by farmers and commercial organizations involved in the nutmeg trading system?

METHOD

This research was conducted in Kenagarian Tanjung Sani, District of Tanjung Raya Agam, West Sumatra with the site selection is done intentionally (purposive), based on consideration of nutmeg most commodity producing areas in West Sumatra. Research began in July 2015 to August, 2015. The method used in this study is a survey method. Research carried out in sequence by observing the pattern of business administration nutmeg channel samples of farmers as producers in Nagari Tanjung Sani Village, Tanjung Raya to the merchant level.

Decision farmers selected sample of nutmeg farmer groups in the study area with sampling stratified random sampling which divides the population into homogeneous groups called strata, and then taken randomly from each strata. Traders sample was taken in a chain from farmers to traders who sell / buy nutmeg from the study area.

The primary data obtained through interviews using questionnaires to farmers and business administration institutions that play an active role in the mechanism of nutmeg trading system and direct observations in the field. Secondary data were obtained from literature study and

agencies institutions related to the research problem.

RESULT AND DISCUSSION

Margin trading system nutmeg include all expenses incurred and the portion received by the commercial institutions. The business administration costs are those costs incurred in the distribution of nutmeg from producers to export. The amount of business administration costs incurred by each of

the different commercial institutions in accordance with the number of activities carried out.

In Table 10. We can see that the margin trading system nutmeg pattern I channel is smaller in the amount of Rp 22846.15 / kg of channel pattern II amounting to Rp 24352.94 / kg. The difference is due to the margin trading system nutmeg selling prices received by farmers on the pattern of different channel I and II. Sales of nutmeg pattern II channel more profitable for farmers than the channel pattern I.

Table 10. margin trading system nutmeg pattern

No.	Saluran tataniaga	Harga Petani (Rp/kg)	Harga Pembelian Eksporir (Rp/kg)	Margin Tataniaga (Rp/kg)
1.	Pola I	32.153,85	55.000	22.846,15
2.	Pola II	30.647,06	55.000	24.352,94

Whereas in Table 11 it can be seen that part of farmers receive smaller second channel pattern that is equal to 55.72% of the pattern of the first channel of 58.46%. pattern of channel I is more profitable for

farmers with a percentage of 58.46%. But business administration costs incurred larger pattern channe I is 20.98% larger than the pattern of channel II at 14.12% of the selling price to exporters.

Table 11. Percentage Part Price received Farmer, Costs and Benefits for Pala

No.	Saluran tataniaga	Total Biaya Tataniaga (%)	Bagian yang Diterima Petani (%)
1.	Pola I	20.98	58.46
2.	Pola II	14.12	55.72

Tabel 12. The efficiency of Nutmeg trading system in Two patern

No.	Saluran tataniaga	Total Biaya tataniaga (Rp/kg)	Nilai produk yang dipasarkan (Rp/kg)	EP (%)
1.	Pola I	11.536,25	55.000	20,98
2.	Pola II	7.765,52	55.000	14,12

In the nutmeg trade system efficiency (Table 12) can be seen that the value of the pattern of channel II EP by 14.12% smaller than the pattern of channel I by 20.98%. That is the pattern of the second channel is more efficient than the pattern of channel I. This happens because the pattern of channel II is able to deliver a product with total cost of smaller trading system. EP II channel means that every time 1 kg nutmeg marketed, takes a fee of 14.12% of the product value. While on the patterns channel I, each 1 kg of nutmeg marketed takes a fee of 20.98% of the product value.

From the description it can be concluded that the pattern of channel II is more efficient. In this case the total costs incurred trading system on the pattern of the second channel is smaller than I. Yet channel patterns on the part received by farmers, pattern of channel I (58.46%) is larger than pattern of channel II (55.72%). Although the percentage share received by farmers and commercial institutions pattern of channel I is higher than the pattern of channel II, it seemed that the portion received by farmers is not a benefit of farmers, as part received by farmers is the contribution of farming costs, the cost of business administration and profit. While on the village traders, merchants of inter-regional and exporters are actual profit earned from the selling price less the cost of business administration and the purchase price.

CONCLUSION

Based on the results of the calculation can be concluded that the margin trading system nutmeg pattern of channel I is smaller in the amount of Rp 22846.15 / kg of pattern of channel II amounting to Rp 24352.94 / kg. The difference is due to the margin trading system selling prices received by farmers on the pattern of different channel I and II. The efficiency value business administration (EP) pattern of channel II by 14.12% smaller than the pattern of channel I by 20.98%. That is the pattern of the second channel is more efficient than the pattern of channel I. This

happens because the pattern of channel II is able to deliver a product with total cost of smaller trading system.

SUGGESTIONS

Based on the research that has been done, it can be taught some suggestions such as:

To reduce the value of margin trading system nutmeg then one of the efforts that need to be applied is to shorten the vertical integration in the form of trade channels. Thus, the nut growers will have better bargaining position. Vertical integration question is choosing the pattern of channels that pay smaller trading system so that the percentage received is greater.

Based on the efficiency of business administration, as well as farmers market their products to traders among regions (PAD) patterns of channel II because the total cost is less than the pattern of channel I but for a part (share) received by farmers, it is recommended to use channel trading system channel I because of the channel I part of farmers receive more than pattern of channel I and the pattern of channel II.

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DISCUSSION FROM PARALLEL SESSION

PAPER TITTLE	Nutmeg's (<i>Myristica Fraggan Haitt</i>) Analyze Marketing Margin and Efficiency of Tanjung Sani Village Tanjung Raya Subdistrict Agam District
AUTHOR	Devi Analia, Faidil Tanjung, Sofyan Fairuzi, dan Ramita Sari Pimura
DISCUSSION	
QUESTION	<ol style="list-style-type: none">1. What is the different between pattern 1 and pattern 2?2. The chain or the marketing channel?
ANSWER	<ol style="list-style-type: none">1. It is better pattern 1 than pattern 2, because pattern 1 just from farmer to seller and pattern 2 from farmer to reseller (village). Cost of planting is less expensive than transporting them.
SUGGESTION	<ol style="list-style-type: none">1. Give more clearly explanation on the two pattern.2. Write down all co-authors in the presentation slide.3. In the conclusion, it is better if use the comparation.



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