



Partnership Model in Balancing Risks of Jabres Cattle Agribusiness

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Abstract. The development of jabres cattle which is a Local Cattle Genetic Resource of Brebes has not been effective because of the risk imbalance in the management of livestock farming. Partnership patterns are one solution that can be utilized by farmers to minimize risks related to the problem. The purpose of the study was to find out the source of the farmers risk and analyze the partnership model by jabres cattle farmers in Brebes. Analytical tools using descriptive methods and Analytical Hierarchy Process (AHP). The conclusion in the study is that partnerships can be a solution in minimizing technical risks, financial risks, and political risks. While the risks that cannot be overcome by using partnership patterns include geographical risks, logistical risks, and social risks. But the three risks, namely geographical, logistical, and social risks have a small risk impact on the management of agribusiness of jabres cattle.

Keywords: Partnership model · Risks · Jabres cattle

1 Introduction

Risk management of livestock businesses, especially Jabres cattle, is different from products derived from the manufacturing industry. Livestock business is a commodity that needs intensive handling and has a fairly high risk. So that the approach to the risk identification process takes precedence on the quality and quantity side of supply both input and output. Quality based on product standardization becomes the most important indicator of the success of risk management of the supply chain of Jabres cattle business. National demand for beef that can only be supplied about 38% of domestic needs becomes a benchmark for the lack of beef supply nationally. Proper risk identification is necessary to maintain sustainability and increase the profits of cattle jabres in the future. The risk distribution model is one of the models commonly used in the identification of a business risk. The risk distribution model is widely chosen by business people in identifying risk because of its high probability level.

Currently the risk distribution model is often combined with the contract business model so that there is coordination and continuity between the components of business

actors in this case are jabres cattle farmers. Some of the profits of breeders against other farmers that are usually entwined in a partnership of cattle groups identified as bearing a higher risk weight are a way in the process of balancing risk through a risk distribution model. The distribution of risk is done through a pricing mechanism for each unit of product at the distribution level.

National beef production is only sufficient for 38% of people's consumption needs, and is only fulfilled by limited types of beef cattle that are widely bred in Java with high production costs. The risk of decreased productivity also causes production costs to increase, while prices received by farmers tend to be low and even under certain conditions cannot cover production costs, Especially the cost of feed with high protein.

The risk of jabres cattle farmers can be defined as losses that can be seen in terms of the cause, possible causation in livestock farming. If a chain is problematic it will affect partners in the distribution network. Distribution risks need to be minimized so that there are no ongoing risks [1]. Distribution risk management has several components to consider, such as intense communication within various partners. This results in distribution being more difficult to identify and manage properly [2].

The process of balancing risk for each actor involved in the distribution channel can be done through an even proportion of profit sharing. The risk balancing mechanism is based on the level of interest of all actors involved in the distribution network [3].

Unbalanced profit sharing becomes the main causative factor of the high risk factors that will be faced by jabres cattle farmers. Constraints in the distribution of risk are in the bargaining position of a weak model against farmers who will accept the risk. Meanwhile, not all farmers can share profits and can accept the concept of the model offered considering that farmers can also only earn low profits.

The weakness of the risk distribution model, namely in terms of setting incentives not yet specific to the risks that will be accepted by consumers so that it is possible to lose profit in profit sharing [4].

In general, the purpose of this study aims to design a partnership model in the jabres cattle business that is oriented towards increasing profits and sustainability of production with a risk distribution model approach for each jabres cattle farmer.

2 Methodology

This research is a type of field research using survey methods to obtain facts of an existing symptom and seek factual information on both social and economic or political institutions in a particular area. The data used is primary data and secondary data, primary data is conducted with questionnaire-assisted interviews as research instruments as well as with direct observation at the research site. Secondary data by looking for additional information obtained from the records of related agencies.

The data analysis used is by descriptive analysis and analytical hierarchy process (AHP). Descriptive analysis by describing the condition and characteristics of jabres cattle business in Brebes Regency, while Analytical Hierarchy Process (AHP) with Expert Choice program to identify partnership models to balance the risks of production of Jabres cattle business in Brebes Regency.

3 Results and Discussion

3.1 Identification of the Risks of Jabres Cattle Business

Risk management is important to be considered by jabres cattle farmers because of the characteristics of livestock commodities such as seasonal, surge in supply in certain seasons, relatively long production times, and easily damaged products.

The risk management of jabres cattle business is focused on the principle of building a distribution that is leanness so that the parameters of improvement on the quality and cost side become the focus of the risk mitigation process. The hierarchy structure obtained consists of four levels, namely:

- Objectives: identification of risk factors at each level of the milk supply chain
- Supply chain risk management objectives: the determination of supply ranai risk management objectives is carried out based on the principle of leanness with a focus on increasing supply quality, increasing supply quantity, increasing total supply chain profit and ensuring stable supply continuity.
- Actor: is a supply chain actor consisting of farmer level, processor level, collector level and cooperative level which simultaneously acts as a collector.
- Alternative risk factors: Risk factors are focused on supply risk factors, process risk factors, demand risk factors and price risk factors.

The imbalance of risks borne by farmers with profits earned resulted in the amount and quality of supply decreasing. The amount of costs required to carry out the cultivation of jabres cattle is not proportional to the value of the selling price obtained. Determination of the mechanism of the amount of profit obtained by farmers obtained from the results of agreements between farmers and consumers. The imbalance between the risks borne and the profits obtained makes the productivity and quality of farmers' supply decrease. Another factor in the decrease in the quantity of supply is also caused by a decrease in the number of farmers who move into workers in cattle ranch businesses owned by strong capital owners.

When viewed from the risk variables the cause of low productivity is due to the standardization of output that is not followed well by farmers. The dominance of risk in terms of product quality can be seen through high risk variable values in disease management and animal health, cage maintenance and post-harvest handling. For this, a mechanism is needed that can balance between the risks borne by farmers and the profits they receive. The mechanism that regulates the transparency of selling price information at the cooperative level as a determining factor in the amount of profit received by farmers is also very necessary.

This type of risk often has a positive impact on the personal profit of jabres cattle farmers but otherwise has a bad impact on livestock business operations. This makes farmers need to pay attention between the interests of the farmer's family and the operational needs of livestock businesses [5].

3.2 Evaluation of the Risk of Jabres Cattle Business

Monitoring and evaluation is one way to analyze business risk so that the empowerment model that has been done can be more measurable success [6]. Risk evaluation is carried out to determine the weight of risk borne by each farmer by aggregating the risk variables on each farmer. To avoid the bias effect in risk weight assessment, some risk variables that are risk enlargement factors are not taken into account unless they have a direct impact on farmers. The aggregation process is also carried out against several risk variables based on the impact of risk on farmers.

3.3 Analysis of Jabres Cattle Business Partnership Model

In general, the existing patterns of agribusiness partnerships are core plasma, farmer partnerships, agribusiness operational cooperation and general trade patterns [7], two in one pattern [8] and cooperative farming model [9].

The results showed that the partnership model that can be applied in balancing the risk of cattle production jabres is minimizing technical risks, financial risks, and political risks. While the risks that cannot be overcome by using partnership patterns include geographical risks, logistical risks, and social risks. But the three risks, namely geographical, logistical, and social risks have a small risk impact on the management of agribusiness of jabres cattle.

There are several ways that can be done in an effective partnership model to minimize business risk such as risk sharing, cooperative, collaborative relationships, and contract relationships with flexible ownership between two or more public and private sectors [10].

To accelerate the development of rural agroindustrials, the government launched an incentive-based program. The incentive program for rural agroindustrials is to increase the institutional capacity of technology and markets. One form of incentives initiated is the government provides technology incentives (equipment and assistance) to livestock groups that cooperate with medium and large-scale companies. This pattern of partnership is in the form of incentives given to business actors and main actors. The main perpetrator is a group of livestock that become suppliers (suppliers) to business actors (partners) who also become avals. Advantages in the agroindustry supply chain should be allocated reasonably and fairly to motivate stakeholder cooperation and thus avoid internal conflicts [11].

The agroindustry supply chain, farmers as one of the agricultural product supply chain actors do not have enough bargaining power in pricing because agricultural products are easily damaged and seasonal, so the risk at the farmer level is higher than the risk at other levels in the supply chain network. Therefore, there must be mechanisms to balance the risks faced by each level of the supply chain to improve their bargaining position at the farmer level. Improving their bargaining position is often done by consensus through stakeholder dialogue between supply chain actors [1].

3.4 Factors that Affect Partnership Relationships

The condition of the partnership between farmers and industries is seen based on the factors of the partnership, among others:

- **Communication:** communication process between the processing industry and farmers is carried out through cooperative intermediaries.
- **Cooperation:** Cooperation carried out in groups so far is a symbiotic relationship of mutualism.
- **Trust:** Trust between farmers and partners is currently quite good. Farmers and partners believe that their partners will carry out their obligations and do their best for the sake of the partnership relationship.
- **Commitment:** Commitment in a partnership relationship is not good enough. There is no attachment of farmers and partners through a written agreement that will protect the position of the farmer.
- **Interdependence:** Between farmers and partners interdependence on each other.
- **Value relationships:** Cultural similarities and common principles embraced by farmers and partners can improve value relationships in farming groups [12].

Partnership relationships that have been built in a farmer group can be managed by increasing the factors that affect the partnership so that the implementation of the partnership can run well and can provide optimal results to the partnership actors. Partnership is defined as a form of cooperation between farmers and partners accompanied by development and sustainable development by medium/large businesses based on the principle of mutual benefit [13].

Improvements in value relationship factors can be done by better maintaining ethics and good relations between farmers and partners and better understanding and realizing mutually agreed values. Commitments between farmers and partners can be increased by making written agreements that can bind partnership actors to carry out their obligations properly and not violate agreed terms.

The written agreement can be implemented in the form of contract farming. Contract farming is one way to solve the marketing problems faced by farmers, but not all farmers can apply the model in managed jabres cattle business [14]. With the contract farming partnership model, the position of farmers who have only earned relatively small income, will have the opportunity to obtain a share of income in the upstream sector through the distribution of remaining business results, so as to provide welfare for partner farmers and all stakeholders involved in it [15].

The existence of good collaboration, coordination, and cooperation between stakeholders on risk management of the production of jabres cattle business can be done bilaterally or multilaterally to balance supply risks by using the risk utility function of each farmer [12].

The role of the government as a facilitator, regulator, and motivator will further minimize the risk of production of jabres cattle business [16]. Then partnership institutions that can guarantee the sustainability of jabres cattle business, namely government agencies as policy makers that regulate the operation of jabres cattle business, universities that can facilitate the creation of partnerships, research institutions can provide

recommendations on agricultural cultivation technology and production technology for farmers, and financial institutions as business capital providers of jabres cattle farmers [17].

4 Conclusion

Institutional forms of partnerships that are recommended to be able to balance risk are minimizing technical risks, financial risks, and political risks. While the risks that cannot be overcome by using partnership patterns include geographical risks, logistical risks, and social risks. But the three risks, namely geographical, logistical, and social risks have a small risk impact on the management of agribusiness of jabres cattle.

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