

THE ROLE OF THE RURAL AGRIBUSINESS FINANCING PROGRAM IN INCREASING THE INCOME OF FARMER GROUP MEMBERS IN PAGAR MANIK

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Abstract

This study aims to analyze the effect of the rural agribusiness financing program on the business development and income of farmer group members in Pagar Manik Village, Silinda District. The research method used was a survey with a quantitative descriptive approach to 22 respondents. Data were collected through interviews and questionnaires, then analyzed using frequency distribution and comparison before and after the program. The results showed that the majority of respondents were women (81.82%) and were in the productive age group of 35–44 years (40.91%). The educational level of respondents was dominated by elementary school graduates (36.36%). The types of businesses run were quite diverse with a dominance in the farming sector (27.27%) and trade (22.73%). The financing program was proven to increase the average business capital from Rp2,500,000 to Rp6,500,000. In addition, respondents' income also increased from an average of Rp1,200,000 to Rp1,850,000 per month. Most respondents (45.45%) stated that the program had an impact on increasing the types of businesses.

Keywords: Agribusiness, Income, Business Capital, Farmer Groups

INTRODUCTION

The agricultural sector plays a vital role in the Indonesian economy, particularly in providing jobs and income for rural communities. However, one of the main challenges faced by farmers is limited access to capital, technology, and markets. According to the Ministry of Agriculture (2008), limited capital is a major factor contributing to small-scale and less productive agricultural businesses. To address these issues, the government launched the Rural Agribusiness Development (PUAP) program to support farmers' capacity building. This program aims to accelerate the growth of rural agribusiness and reduce poverty and unemployment (Department of Agriculture, 2009).

In the agribusiness concept, business activities are not limited to production but also encompass processing, distribution, and marketing. Darius (2010) states that the agribusiness system consists of interconnected upstream, production, downstream subsystems, and supporting institutions. Therefore, capital support through the PUAP program is expected to strengthen the entire agribusiness chain. Pagar Manik Village, Silinda District, is one of the areas receiving funding from this program. However, the program's effectiveness in increasing farmers' incomes requires further study. Therefore, this study aims to analyze the use of funds and their impact on increasing the income of farmer group members.

RESEARCH METHODS

The study was conducted on February 23, 2023, using a descriptive survey method. The research location was purposively determined in Pagar Manik Village, Silinda District, Serdang Bedagai Regency. Respondents in this study were members of the Farmers' Group (Gapoktan) who received program funds, using a purposive sampling technique. The data used consisted of primary data obtained through interviews and questionnaires, as well as secondary data from relevant agencies. Data collection techniques included interviews, observation, and documentation. Data analysis was conducted descriptively to describe the respondents' conditions and the program's impact on income.

RESULTS AND DISCUSSION

1. Respondent Characteristics

Table 1. Respondent Characteristics Based on Gender and Age

No	Characteristics	Category	Number (Org)	Percentage (%)
1	Gender	Woman	18	81.82
		Man	4	18.18
		Amount	22	100
2	Age	25-34	6	27.27
		35-44	9	40.91
		45-54	5	22.73
		>55	2	9.09
		Amount	22	100

The data shows that respondents were predominantly women, indicating that women play a significant role in the agribusiness activities of farmer groups. This aligns with Engel et al.'s (1995) finding that women play a dominant role in household economic management. In terms of age, the majority of respondents were between 35 and 44 years old, which is considered productive age. According to Suratyah (2006), productive age individuals have optimal physical and mental abilities to manage a business, thus potentially increasing income.

2. Respondent's Education Level

Table 2. Respondent Characteristics Based on Education

No	Education	Number (Org)	Percentage (%)
1	Elementary School	8	36.36
2	JUNIOR HIGH SCHOOL	6	27.27
3	SENIOR HIGH SCHOOL	5	22.73
4	Diploma	2	9.09
5	Bachelor	1	4.55
	Amount	22	100

The majority of respondents had a primary education, indicating that most farmers still have limited formal education. However, low education levels do not hinder them from running an agribusiness.

According to Sumarwan (2011), education influences the way of thinking and decision making, but experience and training can also improve the ability to manage a business.

3. Type of Business Being Run

Table 3. Distribution of Respondents' Business Types

No	Type of business	Number (Org)	Percentage (%)
1	Farming	6	27.27
2	Farm	4	18.18
3	Trading	5	22.73
4	Cake Industry	3	13.64
5	Services & Others	4	18.18
	Amount	22	100

The types of businesses operated are quite diverse, with a predominance in the agricultural sector. This indicates that agriculture remains the primary activity for the community. According to Darius (2010), agribusiness activities encompass the entire business chain, from production to marketing. This diversity of businesses demonstrates that the financing program has been able to encourage business development not only in the production sector but also downstream.

4. Development of Business Capital

Table 4. Development of Respondents' Business Capital

No	Capital Category	Before Program (Rp)	After Program (Rp)
1	Average Capital	2,500,000	6,500,000
2	Maximum Capital	4,000,000	10,000,000
3	Minimum Capital	1,500,000	3,000,000

There was a significant increase in business capital following the financing program. This demonstrates that financial assistance can increase farmers' business capacity. According to Suwardjono (2005), capital is a key factor in production. The greater the capital, the greater the opportunity to increase production and income.

5. Respondent's Income

Table 5. Comparison of Respondents' Income

No	Income Category	Before (Rp/month)	After (Rp/month)
1	Average	1,200,000	1,850,000
2	Maximum	2,000,000	3,200,000
3	Minimum	800	1,200,000

Respondents' incomes increased after receiving capital assistance. This indicates that the financing program has a positive impact on farmer welfare. These results align with research by Mariah (2009) and Hastuti (2008), which found that business capital assistance significantly increased farmer income. In addition, the increase in income was also influenced by the business diversification carried out by respondents, so that sources of income became more diverse.

6. Impact of the Program on Business

Table 6. Impact of the Program on Business Activities

No	Program Impact	Number (Org)	Percentage (%)
1	Adding business types	10	45.45
2	Increase production	6	27.27
3	Adding workforce	4	18.18
4	No significant changes	2	9.09
Amount		22	100

Most respondents stated that the program had a positive impact, particularly in increasing the number of businesses. This indicates that the program not only increases income but also encourages entrepreneurship. According to the Department of Agriculture (2009), the agribusiness financing program aims to increase farmer business independence. The results of this study indicate that this goal is beginning to be achieved.

CONCLUSION

1. The characteristics of respondents are dominated by women of productive age and relatively low levels of education, but remain active in running agribusinesses.
2. The types of businesses run by respondents are quite diverse, including farming, animal husbandry, trade, and household businesses, with a dominance in the farming and trade sectors.
3. The agribusiness financing program has had a significant impact on increasing business capital, with the average capital increasing from IDR 2,500,000 to IDR 6,500,000.

THE ROLE OF THE RURAL AGRIBUSINESS FINANCING PROGRAM IN INCREASING THE INCOME OF FARMER GROUP MEMBERS IN PAGAR MANIK

Ni'mal Hamdi et al

4. Respondents' income increased after the program, from an average of IDR 1,200,000 to IDR 1,850,000 per month, indicating an improvement in household economic conditions.
5. The program also encourages business development, with most respondents able to add new business types and increase economic activity.

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