

## Subsectors analysis of agribusiness at Gowa Regency

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**Abstract.** The welfare of the community can be measured by improving the country's economy. Agricultural sector is one of the potential economic sectors that contributes to the growth and development of the national economy, both in terms of income and employment. Analysis to determine the basis sector to formulate the economic development policy patterns in the future is necessary so that economic development policies can be directed to drive these sectors. One of the supporting sectors in economic development is the development of the regional subsector in the agribusiness system. This study aimed to analyze the agribusiness system subsector, which is the basis in the Tinggimoncong District, Gowa Regency. This research used descriptive qualitative analysis method. The results of the study conclude that vegetable farmers in Tinggimoncong District are not oriented to farming with an agribusiness system; this was indicated by the absence of postharvest facilities owned by farmers. Farmers tended to avoid risks in terms of storing the products and always want to sell their products immediately.

### 1. Introduction

One of Republic of Indonesia's objectives, stated in paragraph four of the 1945 Constitution, is "Advancing the general welfare". Prosperity can be achieved by managing an equitable development in all areas of the region. One of the indicators of increasing community welfare is increased of the economy. Therefore, economic development needs to be done in the form of partnership between the governments and communities in developing the existing resources and involving the private sector to create new work and stimulate economic development in the area [1]. The agribusiness sector can be viewed as a number of interrelated subsectors which work together formally and informally to produce goods and services. A "traditional" view has depicted agribusiness as the activities "beyond the farm gate", including the production of the genetic seeds stocks for crops and livestock and production and distribution of inputs, which are combined with seed stocks in commodity production [2].

The agricultural sector is one of the most contributing sectors of economic development. Among the roles of the agriculture sector are its contributions to industrial growth, economic structural transportation, spur economic growth, reduce poverty, minimize income gaps, provide food, and provide environmental services. In the Ministry of Agriculture strategy 2015-2019, the strategic role of the agriculture sector is demonstrated through the contribution of agriculture sector in providing food and industrial raw materials, Growth Domestic Product (GDP) contributors, national foreign exchange producers, labor facilitator, major



sources of rural household income, feed materials and bioenergy providers, and a role in greenhouse gas emissions reduction efforts [3].

The consequence of low agricultural productivity is that hundreds of millions of rural households who depend on agriculture for food and income are in the chronic food insecurity and poverty. Economic theory and historical experiences have shown that agricultural productivity growth is a prerequisite foundation of economic transformation and economic development. No country has been able to develop itself without first solving the food problem and releasing resources from agriculture by raising agricultural productivity [4]

One of the factors that determines agricultural sector success is the importance of agribusiness system development. The role of agribusiness in the success of the agricultural sector is very important so that the cooperation of several parties is necessary, such as the government in determining the policy, private in the provision of production facilities, and banking in providing capital, therefore, the sector remains the largest foreign exchange contributor to the state. Several factor supports the prospect of agribusiness development in the region, namely the growing of the population, so that the food needs also to be increased and the increase in public income that will increase the needs of quality and diversified food (diversification) [5].

The development of the regional agribusiness system is determined by the potential owned by an area, therefore, the policy made by the government should refer to the potential of the area that is likely to be developed especially in the agriculture sector such as horticulture, plantation crops, fisheries business, plantation business, mining farming, livestock, mining business, industry sector and potential tourism [5]. Therefore, the protection of local government is needed by agribusiness entrepreneurs in developing their businesses.

Alluding to the agricultural potential of a region in South Sulawesi Province that has the potential of horticultural crops, is the Regency of Gowa. The regency dominates the supply of the gross domestic product (PDRB). According to data on the BPS Gowa Regency in 2014, the agricultural, forestry, and fisheries business fields alone contributed to the PDRB by 32.27%. These sectors also contributed the largest among the sixteen other businesses, although, from year to year, the contribution was decreasing from 36.38% in 2010 to 32.27% in 2014. The sub-sector of food crops and horticultural was the largest contributor to agricultural subsectors, which are recorded at 60.9% of all agricultural commodities [6].

Tinggimoncong District is an agricultural center for vegetable and other horticultural crops in Gowa Regency with Sub-Districts of Tombolopao, Tompobulu, and Biringbulu (BPS District of Gowa, 2017). There are a variety of different types of horticultural crops, typically middle and high plains crops, produced in this region such as potatoes and carrots. These superior commodities are also expected to provide a significant contribution in efforts to increase the horticultural products; hence, the role and contribution to the PDRB Gowa District are very likely to be increased [6].

Agribusiness is a general term for the various businesses involved in food production. These include farming, farm machinery, processing, marketing, and retail sales [7]. Development of agribusiness system in the Tinggimoncong District needs to be done, planning and implementation of agricultural sector development should be planned integrated with the start from upstream to downstream (the concept of Agribusiness) [8].

Therefore, it is necessary to analyze the sub-sector agribusiness basis in the District of Tinggimoncong, Gowa Regency, to determine the condition of agribusiness and problems experienced. The results of the analysis can be used as a reference by the local government of Gowa Regency in determining a policy that can support the development of its main agricultural in the agribusiness system subsectors.

## 2. Methods

This research was conducted in Tinggimoncong District, Gowa Regency, which was held in April to June 2018. The data used were primary data using qualitatively descriptive analysis. The analysis is a technique

that illustrates and interprets the meaning of the collected data by emphasizing and recording as many aspects of the situation studied at the time so that the general and thorough picture is obtained. Of all the data that has been obtained hereinafter and reduced to be analyzed [9].

### 3. Results and discussion

#### 3.1. Input adjust

Some of the most commonly cultivated vegetables were potatoes (100%), carrots (95%), cabbage (85%), mustard (72.5%), and tomatoes (70%). Meanwhile, other vegetable types (onion – 22.5% and chili – 2.5%) were cultivated by farmers as a secondary vegetable commodity. Generally, potato farmers in Gowa Regency, South Sulawesi, planted potatoes of Granola variety. The potato seedlings are obtained from the seed tubers grower farmers or imported from other provinces such as West Java or East Java Provinces. Costs were still considered expensive for the potatoes seed tubers (IDR.15,000-25,000/kg) by farmers. Therefore, to save the production cost, farmers try to prepare seeds to meet their own needs. The introduced potato seed tubers were only planted 3–4 seasons. When production began to decline, the seedlings were not used anymore, and new seed tubers were planted.

#### 3.2. Production

The development of potato plants was carried out with a monoculture cropping system. Potatoes were generally planted only once a year, the type of vegetable used as a rotation plant after or before potatoes were carrots, cabbage, tomatoes, and mustard greens. Carrots were the most commonly used vegetable as a rotation plant. The selection of rotation plants by farmers seemed to be based on the risk level of the plant concerned. The lower the risk level, the more often the crop is chosen as a rotation plant (South Sulawesi Agricultural Research, 2016).

The production of the potato crop in Gowa Regency in 2016 reached 334,396 quintals with a harvest area of 2,012 ha. This figure increased in the appeal of 2014, namely 129,734 Quintal, with the harvest area of 162.37 ha (Agricultural Statistics of Horticultural Crops Gowa Regency, 2017). The increased production of potato plants was attributed to the preference of the farmer to grow potatoes and increased market demand from outside Gowa Regency even from outside Sulawesi Island.

#### 3.3. Post-harvest

Farmers in Tinggimoncong District is essentially not yet oriented to farming with agribusiness systems. This is indicated by the absence of post-harvest facilities owned by farmers. Farmers do not want to take risks in terms of storage of products and tend to sell their products immediately. Most of the farmers, especially smallholders with small and medium enterprises, have more market production through village gatherers, other than district traders. In addition, traders from the central market and other large traders also came directly to the farmer. Therefore, the intermediary traders, in this case, the collector traders, are then more dominant in terms of determining selling prices at the farmer level. Another thing related to the sale price is the lack of knowledge of farmers to the market information. Consequently, prices at the farmer level often are much lower than the actual selling price. Hence, the part that is accepted by producers of farmers from the price paid by consumers, on average less than those received by the intermediary traders.

#### 3.4. Marketing

Based on the results of observation and survey results made to some respondents, obtained information about the origin and destination of products of agricultural goods such as vegetables and horticultural farms that are scattered along the Pallangga axis road that is mostly derived from various areas of high altitude in

Gowa Regency namely, Tinggimoncong, Tombolo Pao, Bontolempangan, Tompo Bulu, Parangloe, Parigi, Manuju, and others came from lowland areas namely Bontonompo and South Bontonompo Sub-districts.

Products were transported directly from various regions in Gowa Regency using trucks and pick up in the morning. As for the roads, traveled to transport goods of agricultural products from the Tinggimoncong District and surrounding, were through local roads in each area in the district and to the road axis Malino which then went to the main road of Pallangga which is the arterial road and stopped at some point to do the loading and unloading of agricultural product items along the arterial road.

#### 4. Conclusion

Based on the analysis of the agribusiness subsector that became the base in the Tinggimoncong District of Gowa Regency, it can be concluded that the vegetable farmers in the Tinggimoncong District basically not yet oriented to farming with agribusiness system. This fact was indicated by the absence of post-harvest facilities that farmers have, so they do not want to take risks in terms of product storage and always want to sell their products immediately. From the conclusion, the government needs to issue policy about the procurement of post-harvest means so as to support the marketing

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