

The Role of Farmers Owned Enterprises to Promote an Efficient Marketing of Agricultural products in Indonesia

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ABSTRACT

The goal of Indonesian agricultural development is to increase the welfare of farmers and their family shown by their purchasing power and the quality of their livelihood. Agricultural industry in Indonesia is still underdeveloped. It caused added value and job opportunity not able to grow as expected. Meanwhile agricultural resources and output are readily available. To solve the problems the Government of Republic of Indonesia initiated some programs that promote agricultural institutions. This article aims to analyze farmers' agricultural institutions that can efficiently market their agricultural output. The institution is Farmers Owned Enterprises (FOE). This is expected to be able to build capital from the farmers. FEOs have been built in several places in Indonesia whether in the form of co-operative or private companies. They provide input production, processing units, marketing and micro-financing. To keep farmers as members of FEO, FEO should increase its service for its members, collaborate with banks, find funding sources from investors develop natural pesticide and processed food. To boost farmers from other places to adopt FOE, extension agents and public figure need to disseminate the establishment of FOE. E-media and printed media can be used to communicate among stakeholders.

Keywords: farmers owned enterprises, efficient, marketing, agricultural

INTRODUCTION

The main priority and the main goal of strategy, policy and Indonesia agricultural development is to increase the welfare of farmers and their family. The welfare is indicated by purchasing power and quality of life. Agricultural development is approached by system and agribusiness development. In the agribusiness principle, farmers are the rational manager in term of economy (Simatupang, 2015). Farmers are able to decide what combination of output and inputs based on the market information to maximize profit. This farmers principle refutes the thought that farmers produce agricultural products are only to maximize output or to fulfill their family need (subsistent activity). It also disproved that farmers do not have managerial skills to run rationally and efficiently agricultural businesses.

In Indonesia agricultural businesses are still underdeveloped; therefore they hindered the creation of added value, job opportunity and income. Meanwhile there were abundant of

resources and agricultural output to further be processed to add their values. For example, rice production in Indonesia has reached 60 million metric tons and it resulted in by products that were not utilized yet, such as husk, broken rice, rice bran, and hay. They can be processed as food, fuel and raw materials for industry to yield added values. Unutilized by product also happened in other primary commodity production such as corn, coconut, oil palm. The main problem was how to increase primary commodity production as well as their processing industry (Pakpahan, 2009).

One of the government institutions in Ministry of Agriculture, Agency for Agricultural Extension and Human Resource has established extension system program to realize the agricultural vision. One of the programs was Farmer Empowerment through Agricultural Technology and Information (FEATI). The aim of the program was to empower farmers through learning process on agribusiness principles. FEATI was to increase yield, income and farmer welfare through empowerment of farmers and farmer organizations by increasing information access, technology, capital, and agricultural infrastructures to improve agribusiness and to boost collaboration with private sector (Yuwono, 2012). In line with the view of Yuwono, Asngari (2008) stated that extension is to educate farmers to change their behavior as planned, in turn to become more modernized and more independent. Mardikanto (2009) mentioned that extension is a process to empower farmers with the aims of making farmers better farming, better business, and better living. Extension is also to facilitate farmers to adopt advanced production technology and marketing. Therefore all stakeholders who concern with the livelihood of the farmers need to pay more attention to the factors that can improve farmer welfare.

Pakpahan (2009) reported that rice farmers in Indonesia have high competitive in producing rice that was indicated by high yield; however, there was still a question why they are still poor. It was suggested that technology, capital, management, organization, and market were not favorable to famers. It was due to farmers not having strong organization to service themselves on capital and fair trade. Experiences on Mass Agriculture Education (BIMAS-Bimbingan Massal), Mass Intensification (INMAS-Intensifikasi Massal), Special Intensification (INSUS-Intensifikasi Khusus), SUPRA INSUS, Village Co-operative (KUD-Koperasi Unit Desa) and others had weak institution, especially on the function as economy engine to leverage all available capital.

This article aims to analyze farmers economic institutions which are able to efficiently market their agricultural products. The institution is farmers owned enterprise (BUMP-Badan Usaha Milik Petani) as a vehicle to internalize and built farmer capital (spiritual capital, social capital, biophysics capital, financial capital). It also built bargaining position to deal with other entities, such as government, government owned-enterprises, and private sector. This paper is a review of various researches and relevant literatures. The structure of the paper is as the following: Introduction, Farmers Economic Institution Concept: Farmers Owned-Enterprises, The Role of FOE on Agricultural Marketing, and Conclusion.

FARMERS ECONOMIC INSTITUTION CONCEPT: FARMERS OWNED-ENTERPRISES

Diversification of diets toward high-value commodities and opening up of market opportunities have driven a modernization on modern supply chains and retailing. However, smallholder farmers facing difficulties in exploiting these opportunities, because they cannot meet strict quality standards, high and continuous volume requirements, and logistics specifications. Companies tend to contract with large farmers, and prefer farmers with non-land assets such as irrigation or access to paved roads. This behavior tend to act as barriers for farmers to participate in domestic and international markets. To overcome these barriers require institutional innovations for vertical and horizontal coordination among smallholder farmers including group lending, agricultural marketing cooperatives, producers associations, and farmers groups. This arrangement will provide smallholder farmers with reduced transaction cost, access to market information, and bargaining power (Sudaryanto, 2015).

The development of farmers institution aims to increase economy of scale, business efficiency, and farmers bargaining position. Supporting farmers association or group of farmers associations is one of the efforts to achieve those goals. Those associations are expected to provide agricultural inputs, processing unit, marketing unit, and borrowing fund. Members of the organizations need to increase their capability on management skills, leadership, and entrepreneurship.

Agribusiness is a system that consists of 4 (four) sub-systems. Those are: (1) infrastructure sub-system that provides agricultural inputs; (2) primary cultivation sub-system that utilize inputs which are produced by upstream sub-system; (3) processing sub-system that processes agricultural products and markets its outputs; and (4) supporting sub-system that provide capital, technology, extension and others. One of the institutions that are expected to become agribusiness institution is Farmers Owned-Enterprises-FOE (Center for Agricultural Extension, 2012).

FOE is a formal organization that synergizes business activities through empowering farmers and based on corporate principles with the profit oriented, so farmers become independent. FOE that is farmers' co-operative has members those are farmers or farmers association and based on Co-operative Act No 17, 2012. FOE that is private or public corporation is organization that is formed by farmers to run based on corporate principles with the share collected from farmers as mandated by Corporation Act No 40, 2007.

According Mardikanto *et al.* (2011) FOE is a business entity formed by farmers, and run by farmers with the aims to increase agricultural technology, added values, agricultural revenue, and bargaining position and to create business partnership that is synergic, innovative, and continuous. FOE can be utilized as agent of change for farmers to focus on business and market orientation. One of the FOE forms was initiated in Temanggung Districts named FEATI (Farmer Empowerment through Agricultural Technology and Information).

Pakpahan (2009) proposed a concept about FOE that can achieve the goal fast if FOE synergizes with the Government Owned Enterprises and Private Owned Enterprises. Farmers are expected to be able to make partnership with businesses; therefore farmers have to

prepare by establishing strong and trustworthy business institution. Private owned enterprises also need to initiate partnership with farmers owned enterprises. With this partnership businesses are expected to thrive in the long time. Private sector would also benefit from this partnership.

Farmers owned enterprises can be interpreted widely. The organizational form could be co-operative or Limited Corporation. FOE is a kind of Hybrid Company between corporations and co-operative, the spirit is co-operative but the form of the business is corporation. Co-operative spirit is manifested by the big number of the shareholders and shares are freely held by any farmer. With the big number of shareholders, the institution can collect capital as much as five times. Capital can also be obtained from banks or financial market and it can strengthen FOE bargaining position on to business partners.

Factors that FOE can control are shown in the following Table 1, while the impact of FOE on the area of 10.000 Ha paddy field are shown in the Table 2. Direct impacts of technological innovation and FOE institution are shown in the Table 2. FOEs are able to increase rice yield, because FOEs introduce agricultural technology by using high yield rice variety and balanced fertilizers. FOEs are also able to reduce cost, because they arrange to provide agricultural inputs in 6 right criteria (right time, right location, right dose, right type, right quality, and right price) and to reduce interest rate. Technological innovation in 10.000 Ha resulted in US \$ 10,247,729 and it can be re-invested on to rice production. Moreover, FOEs can minimize risk on price by giving guaranteed price US \$ 0.24 per kg dried harvested rice (on early 2008).

Table 1. Factors that were Controlled by FOE

Before	After
1. Uncertified seeds	1. Certified seeds
2. Fertilizer, pesticide, and agricultural machinery not meet 6 criteria	2. Fertilizer, pesticide, and agricultural machinery meet 6 criteria
3. Agricultural mechanization not developed yet	3. Agricultural mechanization has developed
4. Difficult to obtain capital	4. Easy to get agricultural capital
5. There is no price guaranty and no value added for the rice	5. There are price guaranty and value added by selling to FOE
6. Low bargaining position	6. High bargaining position
7. Farmers do not have capital saving	7. Farmers have capital saving
8. Farmers and their association work separately	8. Farmers and their association work together
9. Farmers are less wealthy	9. Farmers are wealthy

Source: Pakpahan (2009)

Table 2. Impact of FOE on 10.000 Ha

Source of Additional Revenue	FOE		Growth (%)	Value 10.000 Ha (US \$)
	Before	After		
Technological innovation				
Yield (ton/ha)	4,5	6,0	33,3	7,289,246
Institution innovation				
Reduced cost (US \$/Ha)				
Fertilizers	150.9	96.1	(36.3)	1,094,443
Seeds	2.6	17.2	561.5	291,042
Interest rate	113.0	5.3	(95.3)	2,155,081
Total	x	x	x	2,958.483
Grand Total	x	x	x	10,247,729

Source: Pakpahan (2009)

Ministry of Small and Medium Enterprises has encouraged farmers to establish FOE. This establishment is to promote farmers as entrepreneur. To increase FOEs capability, ten of Government Owned Enterprises (GOE) founded institution, named PT. Padi Energi Nusantara (PT. PEN), that supports agricultural capital. PT. PEN was given mandates to manage agricultural production from land tillage to harvesting. Profit sharing between PT. PEN and FOEs is 60:40. This establishment is expected to foster agricultural innovation and agricultural businesses. PT. PEN helps FOEs in management advancement, such as facilitating fertilizers, pesticides, seeds, capital and technology (Murwaji, 2012).

Other FOE concept based on Imron (2014), FOE is one of models on access reform that is been build by country side development activities. The establishment was helped by local government especially in providing land. FOEs can also run downstream agricultural industry. In this model, farmers can contribute on three different activities, such as labor if farmers do not own land, shareholders if farmers want their land as FOE asset, and land owner if farmers want to produce by themselves. Land as main resource, FOE can utilize the land for productive purposes that can increase farmers welfare.

FOE consists of various components which are related to one another, those components encompass on farm and off-farm activities. On farm activities include agricultural inputs provision, cultivation activities from land tillage to harvesting. Off farm activities include post-harvest activities, processing and marketing. The shareholders of the FOE are 1) Government Owned Enterprises (GOE: PT Kujang, PT Sang Hyang Seri, PT Pertani, PT Perum Jasa Tirta II and other GOEs; 2) Local Government Owned Enterprises; 3) Private sector/Central Co-operative, 4) Farmers/Farmers Association (Dewi *et al.*, 2013).

This findings are in concordance with the findings of Thony (2015) as he mentioned that the partnership model of this institution is a model being a new pattern providing an equivalent and balanced role among three implementing actors in the partnership pattern: local government, the private company and the raw material yielding society and the processed material users. The position of local government will be better if it is more transparent and to develop a participative leadership. Whereas in the private party it should be able to give some contributions in providing an energy to implement the empowerment together with local government to the society, and the society should be able to utilize the

chance for giving an active role through a real participation. The role of local government being in the facility position against the course of institutional partnership process, as much role in the determination of the signs and game rule generally, it can be in the form of political policy, public policy, sector policy and other normative restrictions. The role of the private in the operating position or the position of policy implementation or the step determination (policy action) together with the society, the contributions of experts, skilled manpower as well as the fund donation/loan, tools or technology. Whereas the role of society generally is realized in the form of participation at the levels of formulation, implementation, monitoring as well as evaluation.

THE ROLE OF FOE ON AGRICULTURAL MARKETING

FOE Initiated by Independent Extension Agents from FEATI Program

FEATI program conducted agribusiness class for farmers and trained the farmers on agricultural technology. This program has been successful to recruit independent extension agents who are farmers. Indraningsih et al (2013) found that independent extension was driving force of FOE establishment. In Kledung village, Kledung Sub-district, Temanggung District, Central Java there is an FOE PT Kedung Agro Lestari that has been incorporated by law since July 9, 2012. Independent extension agents became Financial Director and Equipment Director. They set up 5 farmers associations on seeding potatoes. The shareholders of PT. Kedung Argo Lestari are: 1) Business Association as much as 60%; 2) Potato breeder association as much as 35%; 3) Farmers Association as much as 5%. The business of the FOE is to produce potato seeds that are marketed to farmers, farmers association, brokers in Banjarnegara, Magelang, Wonosobo, and Temanggung Districts. The FOE has been successful to collaborate with potato breeder and market the produce. FOE also cultivated vegetables such as cukini, ginseng, and other vegetables and the produces were marketed at Pigrofarm Center for Agricultural Training and Swadaya Village, in Cianjur District, West Java, meanwhile the sort-out produces were marketed at Temanggung market. FOE facilitated farmers to get District Economic Credit as much as US \$ 12,245 with the interest rate of 1% per season. FOE PT. Kedung Argo Lestari has been promoted through e-farmers, therefore it can be reached by all district and provincial levels that have internet access.

Independent extension agents in Salaman Sub-district, Magelang District, Central Java were able to establish FOE to plant and market organic rice. Independent extension agents spread the idea to establish FOE to other villages and disseminate agricultural technology. They also expected to sell the products to those enterprises. The director of FOE PT Tanjung Mulya is independent extension agent. PT Tanjung Mulya has recruited 15 members as private extension agents to give farmers technical assistance to grow organic rice. The technical assistance included rice organic cultivation technique, making demonstration plot (demplot) during one season (120 days) and taught farmers to make bio-fertilizer from local micro-organism. The bio-fertilizer was used to grow rice organic and the seed from FOE. 0.1 Ha needs 2.5 kg seed with the price of US \$ 0.76 per kg. Farmers provide manual labor and land, from planting to harvesting. Private extension agent visits demplot every 10 days, there were 11 scheduled visits. If there is an incident such as pest

that causes rice plant yellowish, visitation could be outside schedule. There were 30-40% farmers who ever visited demplot to grow rice organic.

Visitation honorarium for private extension agent was between US \$ 5.1 to \$ 7.7 per visit. The agents only withdraw as much as US \$ 2.6, they invented the rest on FOE. The price of share of PT Tanjung Mulya is US \$ 10.2 per share. From the total of 175 shares, 25% shares have been sold to farmers and 10 shares were bought by Sukamaju Group of farmers association, the rest 75% shares have not been sold. There were 3 (three) assemblies that were attended by farmers association and group of farmers association during one planting season. In the meeting they discussed rice planting plan, decided what variety would be planted, water distribution, plant protection, and post-harvest. The employee from Nusantara Organic SRI Center (NOSC) in Sukabumi District, West Java helped FOE to produce organic-fertilizer and pesticide. If farmers found difficulties they can ask private extension agents; however, if the agents cannot handle, farmers should ask to NOSC.

FEATI program in West Java Province established Tunas Kencana Co-operative which has member as many as 19 persons. Farmers have been trained: 1) to make compost, 2) animal feed, 3) mushroom cultivation. FOE in Cirebon District, West Java wanted to cultivate mushroom as superior product. They wanted to grow mushroom after private extension agent informed them about economic potential of mushroom. Other reasons were to utilize hay as by product of rice production, to provide employment, and to increase revenue with the net return of US \$ 102 per month. The training materials for farmers were mushroom cultivation technique, marketing, and accounting. In one year mushroom barn has grown to 70 barns from 19 barns a year before. Promotion has been on the internet, brochures, agricultural fair festival, and farmer market at the Agency for Food Security and Extension. One year later, farmers set up Association of Indonesia Mushroom Agribusiness; however, the association has not developed yet. The mushroom business has been filmed as success story and broadcasted on the program "Cita-Citaku" on the national private television. The impact of the broadcast attracted farmers from other districts such as Majalengka, Indramayu, Kuningan, Sidoarjo, and NTT. Further consultation was conducted by phone.

The willing to establish a co-operative was mushroom farmers in Luwung Kencana Village, Susukan Sub-district, Cirebon District; because they thought the association was not helpful. It was also due to price difference between farmer's level and traders that was so wide ranging from US \$ 0.102 to 0.153 per kg. Input prices offered by traders were also too high. Co-operative capital was collected from its members; those were principal saving, and mandatory saving as much as US \$ 10.20 per person and US \$ 1.02 per person per month respectively. There was one meeting every month between its officials and its members. Total members of the co-operative were 34 persons with 74 mushroom barn and 20 people partners with 42 mushroom barns. The member of the co-operative got input loan for US \$ 102.04 and repaid after harvesting with interest rate of US \$ 3.06 for one month, while farmers as partners have to pay cash. The selling price difference between co-operative members and partners was US \$ 0.051 per kg. The selling price for members was US \$ 1.99, while selling price for partners was US \$ 1.94. The yield per barn was 140 kg with the cost US \$ 163.3. The product was sold at the store UD Mekar Usahatani in Kebayoran Baru, Jakarta. The store can receive mushroom between 70 kg to 200 kg, daily average was 120 kg

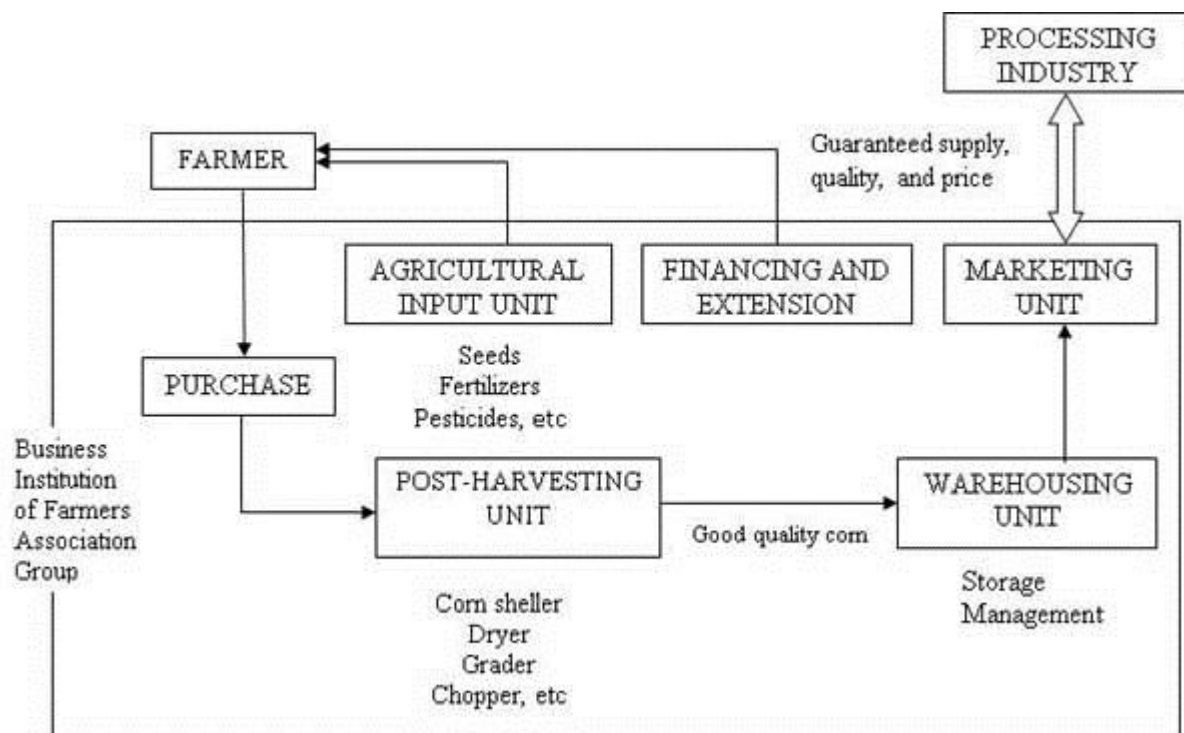
with the price US \$ 2.14 per kg. There was a shortage in Jakarta, Bandung West Java and Batam.

The co-operative head has helped its members to get loan from bank (Bank Rakyat Indonesia) without collateral with the loan between US \$ 306 to 510. The name of the loan is Kredit Usaha Rakyat (People Business Credit). The annual interest rate is 12% for one year loan term. If the loan is US\$ 510, the borrower has to repay US\$ 571 total in one year. One of the problems in mushroom business is how to discard the waste (used planting media). Once the co-operative ever collaborated with the organic fertilizer producer to use the waste; however, it cannot run smoothly because the producer cannot sell the organic fertilizer. Since the fertilizer producer cannot sell its product, the cooperation was discontinued.

From the problems above, the role of FOE that was established by FEATI program was to market nationally its product and to shorten the marketing chain in order to get favorable price for farmers. This arrangement will provide smallholder farmers with reduced transaction cost, access to market information, and bargaining power.

FOE on Integrated Corn Business in Takalar District

FOE Modeling on integrated corn business in Takalar District has been done by Dewi *et al.* (2013) and can be seen in Picture 1. The model show the relation among components who involved in corn business in Takalar District and those were controlled by Business Entity of Farmers Association Group.



Picture 1. Model of integrated corn business (source: Dewi *et al.* 2013)

Farmers can easily obtain capital, knowledge of agricultural technology, and input factors. Farmers can also sell the product to post harvest unit and it was processed by this unit to get high quality product. Marketing unit was responsible to guaranty continuity of supply, good quality and favorable price. Good quality corn can be sold to processing industry. This model can make every component get profit. The main target is to increase production; therefore it can fulfill domestic demand whether for food or feed.

FOE shareholders consist of private sector (traders), local government, farmers, and farmers association. Institution model of integrated corn business that was set up in FOE would all receive benefit and in the same level of business. Collaborative model from upstream to downstream was controlled by Farmers Association Group and moreover it guarantees to get good quality of corn to supply food and feed industry.

The development of FOE in Sukoharjo District, Central Java Province

Mardikanto *et al.* (2011) reported that FOE in Sukoharjo was developed by facilitator. As institution innovation, FOE was formed as incorporated business; however, on the running the business was hybrid between pure business and society empowerment. FOE Sukoharjo works together with: 1) Farmers Association Group to do on farm activities (rice culture) and off-farm (providing input factors and buying rice product), and Rice Milling Unit (RMU) to buy and to market rice from farmers. Mardikanto research started with research explanation to groups of farmers associations, then preparing for demplot and technical assistance. The activities included demplot, yield estimator training and field school every week.

FOE that was launched on March 11, 2009 and started operational cooperation with PT. *Padi Energi Nusantara* (PEN). This FOE has done activities such as: 1) Program dissemination in FOE office in Pondok, Grogol, Sukoharjo District, Central Java and collaborated with coordinator of Sukoharjo District extension agents in Bulu, Polokarto, and Tawang Sari; 2) Collaborative marketing with Rice Milling Unit in Sukoharjo Districts. All groups of farmers associations were willing to work together with FOE whether on-farm activities (rice cultivation) or off-farm activities such as marketing. Most cooperation with RMU has been discontinued, because they cannot comply the agreement and some were because FOE revokes the agreement due to cheating. Even so there is one RMU that still complies the agreement and is progressing since they get the benefits such 1) Receive down payment to buy rice; 2) guaranteed market that contracts weekly; 3) Business experience to RMU. Moreover, especially new RMUs, they want to collaborate with FOE and expect FOE to spread the words about this collaboration to all RMU in Sukoharjo District, members of RMU Association (*PERPADI-Perhimpunan Pengusaha Penggilingan Padi*). Extension agents also want to introduce FOE in more surrounding areas through Fishermen and Farmers Association (*KTN-Kelompok Tani Nelayan Andalan*) meetings or by spreading printed media such brochures or leaflets.

In this case, FOE role was to guarantee rice market that contracts weekly and RMUs receive down payment to buy rice from farmers.

Development Strategies of FOE PT Padi Energi Proklamasi in Karawang District, Wes Java Province

FOE PT. *Padi Energi Proklamasi* is one of agribusiness institutions in central rice producer. FOE can give benefits for farmers to increase farmers knowledge, to facilitate farmers to get factor inputs and working capital, to help farmers sell their products especially during peak harvest and rainy season, to increase yield to improve their income, therefore it can contribute to national food security. Manalu (2011) has done a research using SWOT analysis, the results show that external factors that were opportunities were investors, population growth in turn it increased rice demand, subsidy policy on factor inputs (seed, fertilizer, and others), target price, input supplier, collaborative program, and more advanced agricultural technology.

External factors that were threat were lack of financial banking access, shrinking agricultural land, government policy on price increase on fuel, gas, electricity, rice importation, unstable domestic security, competitors on providing input factors and capital by middlemen. Internal factors that were strength for business were business institution already has well written vision, mission, and goals, financial auditing, complete infrastructures, already applied advanced agricultural technology, well transportation access, good accounting system, and good IT. Internal factors that were weaknesses were not well execution on job specialization as expected on job description, inflated operational cost, and lack of promotion.

SWOT results in 6 (six) alternative strategies namely to increase service for its members, government policy that is favor on farmers, to create good collaboration with financial institutions, to seek other source of capital, to strengthen cooperation with investors, to build institution to produce organic pesticide and processed rice products, to increase managerial work through well-defined job description, to utilize advanced agricultural technology to reduce cost, to improve employee creativity to actively promote their institution and products (Manalu, 2011).

Combination of strategic marketing at FOE PT. Padi Energi Proklamasi were as the following: 1) Product: liquid fertilizer that is produced by this firm, rice harvested from the members' field, and agricultural inputs obtained from suppliers. This firm also provides services to assist every member and to help working capital; 2) Price: price paid by the firm is based on market price. Payment is in cash and also delayed payment after harvest; 3) Place: FOE market their products directly to end user without distributor. Agricultural inputs are bought from certain supplier, PT. Padi Energi Nusantara (PT. PEN), which is subsidiary company from 10 Government Owned Enterprises on agriculture. Then FOE directly sells to the farmers who are the members of the FOE; 4) Promotion: products of FOE already have a captive market, i.e., its own members. FOE has not done promotion in full effort; 5) People: the employees of the FOE have performed their duty and given good services for its members; 6) Physical Evidence: FOE has given agricultural machinery to its members to grow rice; 7) Process: FOE has tried hard to service its members on every step and process of the agricultural business. FOE provides hotline to serve its members and others to ask about any information related to agricultural business and to order product.

FOE Dissemination Strategy in Temanggung District, Central Java Province

Temanggung District is one of FEATI pilot projects in Central Java. This FOE is FEATI creation through learning concept named Farmers Managed Extension Activities (FMA) in the district level. The establishment of this FOE was to overcome weak farmers institutions because farmers have lack of understanding on participatory approach and business oriented activities. The number of FOEs in Temanggung recently are only 3 (three) and they are located in three villages, although villages that have PMA approach are 40 villages. Therefore it needs big effort to understand strength, weaknesses, opportunities, threat to introduce FOE to other villages.

Widyaastuti *et al.* (2014) suggested that the main strength of FOE dissemination in Temanggung is a strong desire to be independent, creative, and progressive in business. Meanwhile the main weakness of FOE dissemination is a lack of human resource quality. The main opportunity is an achievement of advanced agricultural technology and a law on Protection and Empowerment of Farmers, Act No 19, 2013. The main threat of FOE dissemination is a lack of communication network infrastructure and information media in country areas. SWOT matrix has 8 strategies. Strategic priority that can be applied is stakeholder's consolidation by communicating messages, information, policies on FOE through printed media and electronic means.

Recommendation on FOE dissemination is to give farmers knowledge about FOE, agricultural technology and agricultural business, to assist farmers, and to accept consultation by farmers whether before or after FOE establishment. The dissemination activities should make local government, extension institutions, universities, research centers, non-government organization involved. The method of dissemination is adjusted to the farmer's characteristics. One effective method is interpersonal communication by utilizing extension agents, public figures and consultant. Communication among stakeholders can be achieved through various media such as radio, television, phone, internet or social media and printed media. Before conducting FOE dissemination, evaluation is needed whether on planning or on execution. The evaluation is to discover the discrepancy between the concept and execution; therefore, evaluation results can be used to make consideration and to set up strategies to improve inadequacy of FOE program.

CONCLUSION

Farmers Owned-Enterprises which were established in several locations whether in the form of corporation or co-operative are still progressing. However, through technical assistance in FEATI program, FOE has a role on providing agricultural inputs, processing, marketing, and micro-financing. The incorporated FOE can increase business efficiency and farmers bargaining position. The tip to keep farmers as FOE members is by improving its services for members, good collaboration with financial institutions, looking for other sources of capital, strengthening cooperation with investors, and developing institutions. FOE management also need to make job description clear and straightforward, utilizing advance technology to reduce costs, improving the creativity of the employees in promoting FOE institutions and their products. It is also reinforced by good policies from local and central government.

The establishment of FOEs should be copied by farmers in other places through good dissemination by extension agents and public figures. Communication among stakeholders should come through printed and electronic media. Before FOE dissemination, evaluation on planning and execution should be addressed. The results should be used as lessons learned and to set up strategies to improve inadequacy of FOE so it can establish ideal FOE. Post FEATI program in 2013 both local and central governments should: 1) evaluate FOE performance; 2) Set up good design to develop FOE and scale-up the program in the future.

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