

The Development of Corn Farmers' Entrepreneurial Competencies in Indonesia

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Abstract

Entrepreneurial competence is an important and relevant aspect of business development, facing a high level of competition because of an undertaking or business depending on the ability of entrepreneurs or business owners. This research improved the basics of working competencies by considering the factors affecting working competencies. On the other hand, the field of agricultural economics reviewing the farming from entrepreneurship perspective has not been popular yet. The results of study found that the entrepreneurial competencies are influenced by factors: farmers' formal education, farmers' participation in community institution, access to information, farming environment and learning process in education. The development of farmers' competence could be done through agricultural extension models based on entrepreneurial competence.

Keywords: Farmers, Entrepreneurial Competencies, Agricultural Extension.

JEL Classification System: Q15

Mathematics Subject Classification: 91-02

1. Introduction

Empirically, corn farmers are still exposed to several problems including, among others, limited farmer organizations, relatively low spirit of agribusiness farmers, 'subsidiary'- minded mental effort thus constraining the progress, less independent and established response to a competitive business climate, and rational and corn cultivation requiring human resources (HR) with entrepreneurial competence as farmers in addition to applying knowledge and experiences in cultivation techniques and managerial competence as well as a reliable farmer. This research improves the research conducted by Evers, F. T., *et. al.* (1998) about the basics of working competencies but it considers the factors affecting working competencies. The results of study found that the entrepreneurial

competencies are influenced by some factors: farmers' formal education, farmers' formal education, farmers' participation in community institution, access to information, farming environment and learning process in education. The development of farmers' competence could be done through agricultural extension models based on entrepreneurial competence.

2. Research Method

This research was conducted in the corn production areas in Lampung Province of Indonesian. This research employed quantitative research. A sample of 214 respondents was taken using stratified region sampling techniques (stratified area probability sample). The primary data was obtained directly from the respondents filling in the questionnaire and interview, while the secondary one was obtained by recording the interview with the relevant agencies in the province of Lampung. To answer the first objective, a descriptive analysis was used, while to answer the second and third ones, path analysis model (path analysis) was used. To answer the fourth goal, a follow-up test on the results of path analysis was used as the findings in research sites.

A structural equation path diagram of this study is written as follows:

$$Y = \rho_{YX1}X_1 + \rho_{YX2} X_2 + \rho_{YX3}X_3 + \rho_{YX4}X_4 + \rho_{YX5}X_5 + \rho_{YX6}X_6+ \rho_{YX7}X_7+ \rho_{YX8}X_8 + \epsilon_1$$

3. Analysis and Result

Entrepreneurial competencies of corn farmers is also affected by such factors as working motivation, information access, farming environment and farmers' perception about the process learning in extension. The contribution of all factors is 99.0 percents (R²= 0.99), and the rest of 0.01 percents is influenced by other factors.

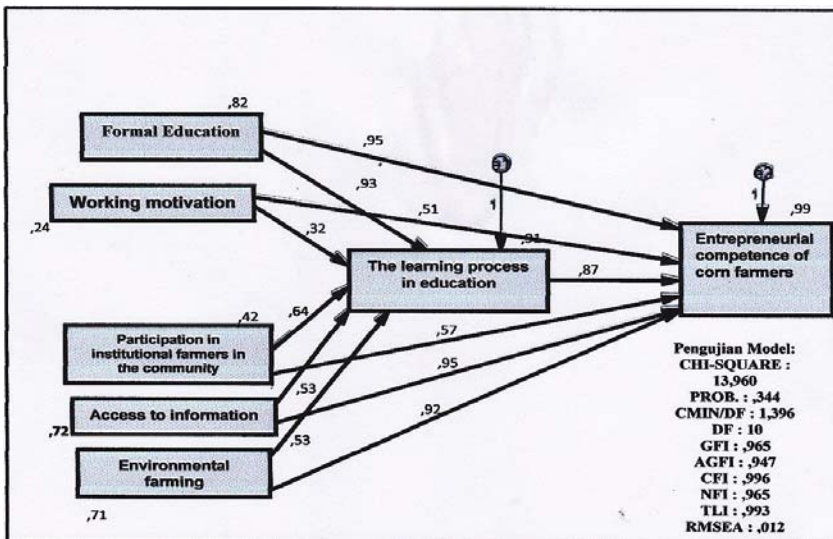


Figure 1. A schematic Path Analysis on Dependent Variable of Entrepreneurial Competence

Farmers' education is one of actual factors affecting Entrepreneurial competencies of corn farmer. It means that higher education level of corn farmer leads to the higher entrepreneurial competencies. Malta (2008) stated that low education is related to low competencies leading to lower farming productivity or according to Sagala (2011) skill and competencies are correlated to education level that they attended, it could be assumed that knowledge, skill, and competence will be higher as well.

Working motivation variable does not significantly affect the entrepreneurial competence of farmers. Corn farming is an activity experienced, practiced, worked, felt and overcome by farmers in their farming activities in exerting their energy, minds and body to achieve their goal, the best result. Respondents usually run their farming with motivation to continue their family's effort in a farming generation by the generation rather than with internal motivation. The respondents think that as the son in a family, they have responsibility for running continuously the corn farming which has been their main income so far. Thus, they engage in farming because of their responsibility in continuing their parent's job as farmer. The result shows that the reason why they are motivated to work is that they want to develop a family business. This research is confirmed by Dogan (2016) stating that there is a positive relation between entrepreneurial motivation and total early-stage entrepreneurial activity.

Access-to-information variable significantly affects the entrepreneurial competence of corn farmers. Information access is the farmers' effort in accessing information related to the farming activities among farmers, public figures, and production agent. Information accessed by respondents is the one related to their farming, such as new information about corn cultivation technology, production facilities, market demand, weather, pests, disease and other farming alternatives. Based on the respondent's research in searching for information, they prefer to ask public figures rather than asking production agent and the last choice, they ask the farmers. Public figures are chosen as information source because the respondents as villagers assume that public figure is their trustable leader because of their experience in farming, feeling of shared fate and shared causes and ability to help resolve problems the respondents experience in everyday life outside of their farming problems.

The information acquired by respondents through production facilities agent is related to an agricultural problem. The respondents consider insincere agent production facilities to help them as they come to the village only to sell the product. If the respondent does not buy the product, the agent production facilities would not share information about their farming. Meanwhile information from other farmers performed on the lowest rank as the respondent leading the farmers to access other information is deemed as having the same experience, educational and economic life with them (the respondents).

This research reveals that the presence of public figure as information access still plays an important role in society life in a village. This is relevant to Mardikanto (2013) stating that the closed people community is usually suspicious of people coming from out of their social system, thereby affecting the innovation rate. Therefore, the adoption of innovation process can be accelerated if the instructor can

take advantage of figure or local community role model because in such the targeted communities, innovations delivered by people they know and the parties in the same fate will be adopted more quickly.

Farming environment consists of area width used for corn farming and capital utilized by respondents in corn farming exerts actual effect on the farmers' entrepreneurial competence. According to respondents, the farming environment playing significant role includes financial capability and farming area. Capital plays an important role because financial capital can be utilized in funding corn-farming activities, but capital and capital access are provide through banking assistant inaccessible to respondents. Respondents think that loan procedure in the bank are difficult to access and too much term they have to meet. Collaterals such as land or vehicle ownership become the main condition that respondent are unable to acquire, generally. Respondents are usually reluctant to bank loan because they have to be present in the bank for administration affairs but they think that bank office is luxurious to them, and they don't have a proper outfit to wear. Finally, respondents prefer borrowing some money for funding from their family with easier procedure of repayment (e.g., even they could recover the loan in the form of dry corn).

Therefore, it is necessary to find access through the other funding option (credit) which is more aligned to the farmers with the easier and understandable terms and administrative procedures to the farmers. The affordability in serving farmers in agricultural land or around the residence will allow farmers to access financial capital. As expressed by Sudaryanto and Agustian (2003), sufficient financial capital (credit) is capable of optimizing farming resources in order to develop their business profit and to increase farmers' revenue and welfare.

The variable of farmers' perception on learning process in extension actually affects the farmers' entrepreneurial competence based on the parameter used including highest-to- lowest level in extension materials, extension purpose achievement, and farmers and extension worker interaction. The next was followed by infrastructure and facility, material, extension media extension, and extension evaluation.

The result shows that the extension materials are very important in the learning process in extension. Extension materials are the core of a learning process that will be accepted by the target, extension materials that have been received by the respondents including technology in corn cultivation such as land preparation, pest eradication, and post-harvest handling. According to respondents, the extension materials required includes how to determine which one meets the standard quality of corn fodder plant, builds a network directly with the manufacturer to market the corn without a broker so that the farmers can get a price corresponding to the quality of corn with no broker. Respondents assume that the extension materials are not only related to corn cultivation techniques because they already know and work on corn cultivation on average between 9 and 17 years so that they assume that they have been already familiar with the ins and outs of growth and problems of corn. Respondents expect a more directed extension materials to build their character as an employer so that they can develop their corn

business. Besides that the extension services and cost-effective technological support be provided to strategy for growth and reduction of poverty and realisation of Millennium Development Goals (Stephen J, e.al., 2011).

4. Discussion and Conclusion

Based on analysis and discussion of research data, it can be concluded that:

- (1) Corn farmers' entrepreneurial competence condition in Lampung of Indonesia belongs to medium category; it means that corn farmers' competence as an entrepreneur is represented by corn farming areas ranging between 2 and 8 hectares for each farmer, and by the changing of corn farming orientation from loosening dry corn production for animal feed industries to production for animal food and sweet corn for consumption. Besides, farmers are competent in marketing and financial management, creative and innovation capability, personal management capability, corn cultivation technical skills, organizing other persons, future-oriented, decision-making capability and dare to take risks. The factors directly affecting the farmers' entrepreneurial competence are farmers' formal education, farmers' participation in society institution, information access, farming environment. These factors exert higher effect than indirect effect of farmers' perception on learning process in extension.
- (2) The competence of farmers can be improved through agricultural extension models based on entrepreneurial competence, by taking the following factors into account: farmers' formal education, farmers' participation in society institution, farmers' information access, farming environment, and farmers' perception on learning process in extension affecting the objective of developing the corn farmers' entrepreneurial competencies.
- (3) The development of farmers' competence can be done through agricultural extension models based on entrepreneurial competence, by considering the following factors: farmers' formal education, farmers' participation in society institution, farmers' information access, farming environment, and farmers' perception on learning process in extension affecting the objective of developing the corn farmers' entrepreneurial competencies.

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