

# Empowerment of Horticulture Cluster Farmers through CSR (Corporate Social Responsibility) of Bank Indonesia in Ambon City

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**Abstract:** *The purpose of this study is to examine the process of technology distribution and other activities through the implementation of CSR (Corporate Social Responsibility) programs in the horticultural cluster. Location determination was carried out intentionally (purposively) This research was conducted in March until May 2018. Respondents in the study were determined by a census method of 30 people consisting of 29 farmers and 1 person from Bank Indonesia. The analytical method used is data analysis carried out qualitatively and quantitatively. The results of the research show that BI as the assistance provider cooperates with related institutions PT. East West Seed and the Department of Agriculture to assist farmer groups in the provision of assistance and assistance in the form of technology, seeds, fertilizers to suit the needs of farmers in the four clusters.*

**Keywords:** Empowerment and Corporate Social Responsibility (CSR)

## 1. Introduction

In essence Empowerment is an effort to organize and form organizations for farmers to be able to voice and fight for their interests, to slowly but surely establish and provide a place for farmers to strive in the Indonesian economy. Given the importance of the agricultural sector as a buffer for meeting the needs of the community caused by the increasing population, the importance of empowering farmers in an effort to encourage farmers to be more advanced in terms of the production of agricultural products, one of them is hot-culture products.

In 2013 the Bank of Indonesia representative office of Maluku Province made a draft for the horticultural cluster area. Electoral fall in horticultural crops due to horticultural crops such as commodities of onions, garlic, red chilli, apple, lemon, cayenne pepper, tomato fruit, tomato, vegetable, is a major contributor to inflation 10 (*volatile foods*). To reduce inflation, the Indonesian Bank Representative Office of Maluku Province created a cluster area in early 2014. This horticultural cluster area was created with the aim of being able to develop horticultural crops and also can improve the economy of the farming community and the development of economic growth to reduce the rate of inflation. The sources of inflationary pressure on the demand side can be influenced by monetary policy but from the supply side that is beyond Bank Indonesia's control can be carried out with the real sector empowerment program and Micro, Small and Medium Enterprises (MSMEs) through cluster regions as the social responsibility of Bank Indonesia.

In each horticultural cluster, each group has farmer groups, each group is given assistance, assistance, training and evaluation from Bank Indonesia. Horticulture cluster has been running from the beginning of January 2014, Bank Indonesia makes *its Corporate Social Responsibility (CSR)*

through horticultural cluster so that in addition to meeting the market demand, push down of inflation, and also boasts farmers in various aspects such as production facilities and infrastructure, knowledge of farmers and capital, so that the problem examined in this study is how the form of empowerment carried out by bank Indonesia to Ambon city horticultural cluster farmers. Based on the description, the study on empowerment of horticultural cluster farmers is important to answer the question. therefore, this study aimed to assess the distribution process technology and other activities through the implementation of the empowerment of CSR (*Corporate Social Responsibility*) in the horticultural cluster.

## 2. Review of Literature

In discussing the empowerment of Bank Indonesia through CSR, horticultural cluster farmers are always associated with discussions on CSR (Corporate Social Responsibility). The Bank Indonesia Social Program at Bank Indonesia is motivated by the Law No. 23 of 1999, and is regulated in detail in the Regulation of the Board of Governors of Bank Indonesia in PDG No. 14/14 / PDG / 2012. In its implementation, the Bank Indonesia Social Program was formulated and determined in the Central Communication Department and distributed to all representative offices in the region.

### 2.1 Concept of CSR (Corporate Social Responsibility)

CSR is an approach where companies integrate social concerns in their business operations and in their interactions with *stakeholders* based on voluntary and partnership principles (Nuryana, 2005).

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## 2.2 CSR (Corporate Social Responsibility)

*Corporate Social Responsibility* (CSR) is defined as a business that is carried out transparently and openly and is based on moral values and upholds respect for employees, the community and the environment (Wibisono, 2007). The Bank Indonesia Social Program at Bank Indonesia is motivated by the Law No. 23 of 1999, and is regulated in detail in the Regulation of the Board of Governors of Bank Indonesia in PDG No. 14/14 / PDG / 2012. In its implementation, the Bank Indonesia Social Program was formulated and determined in the Central Communication Department and distributed to all representative offices in the region.

## 2.3 Cluster

Clusters are interrelated business groups. Clusters have two key elements, namely the companies in the cluster must be interconnected, and the companies are located in a place that is close together, which is easily recognized as an industrial area. Another definition generally states that clusters are geographic concentrations between companies that are interrelated and collaborate, including suppliers of goods, service providers, related industries, and several institutions that function as complementary institutions such as universities, standardization institutions, trade associations, financial institutions and others (Bappenas, 2005).

In each cluster there are centers that have one similar business / support whose market prospects are clear, so that through the cluster is expected to be able to equalize vision, mission and perception, which is a business unit that is useful to reduce the *cost of production*, one another synergize, facilitate business linkages between centers, presence of a combination of tough competition the one hand, and cooperation on the other hand, among fellow SMEs and SMEs and Large Enterprises, so hopefully creates collective efficiency level (*collective efficiency*) (Widodo, 2003).

## 2.4 Empowerment

Agricultural development is very much determined by the human resources that are in it. If human resources have high motivation, creativity and are able to develop innovation, then agricultural development can be better. Therefore, it is necessary to empower farmers to improve human resource capabilities (Sukino, 2013). Community empowerment according to Kartasmita (1996) in Susilo Bambang (2010) is a strategy. The strategy to be implemented is an effort that is carried out which is directed directly at the root of the problem, namely improving the ability of the community. The part that is left behind in society must be enhanced by developing and dynamizing its potential, in other words empowering it.

## 3. Research Methods

This research was conducted at the location of Ambon City Horticultural Cluster consisting of Passo Village, Baguala Subdistrict, Waiheru Village, Teluk Ambon District, Hutumuri Village, South Leitimu Subdistrict, and Rumah

Tiga Village. The choice of this location was deliberately (*purposive sampling*) with the consideration that the four locations were an empowerment cluster from Bank Indonesia. The study was conducted for 3 months starting from March to May 2018. Empowerment is analyzed descriptively which explains the form of empowerment carried out by Bank Indonesia through CSR (Kuncoro M, 2007).

## 4. Results and Discussion

### 4.1 CSR (Corporate Social Responsibility) Program Through the Horticulture cluster on Bank of Indonesia

Bank Indonesia has the duty to meet inflation targets or targets, as stated in Article 7 of Law No. 23 of 1999 concerning Bank Indonesia as amended by Act No. 3 of 2004. In carrying out this task, Bank Indonesia coordinated with the Government. Based on data from the comparison of the target and actual inflation for 2010 to 2015 (Bank Indonesia, 2015), there is generally a deviation between the predetermined inflation target and inflation. The gap between the target and actual inflation has triggered Bank Indonesia to continue to perfect the inflation control instrument. Appropriate monetary policy formulation is needed to control inflation to the desired level.

Historically, the main contributor to inflation came from *volatile commodities foods* whose price movements are strongly influenced by seasonal factors. Pressure price movements in the *volatile foods* group are more triggered by *supply shocks*, while commodity demand tends to be stable because it is a basic need (Prastowo, Nugroho et al., 2008). The supply side of the food commodity is influenced by both production, distribution and government policies. Disruptions to production cause supply of commodities that do not meet demand.

Commodity production is very dependent on the weather. Food commodities also have perishable properties. The efficiency of distribution activities is influenced by the length of the distribution chain and the profit margins determined by each distribution chain and the condition of the transportation sector. Disruption to distribution activities can trigger commodity scarcity. Meanwhile, government policies in terms of *administered prices* for commodities, such as fuel, electricity tariffs, and transport rates can drive commodity prices, especially *perishable* commodities and can affect public inflation expectations.

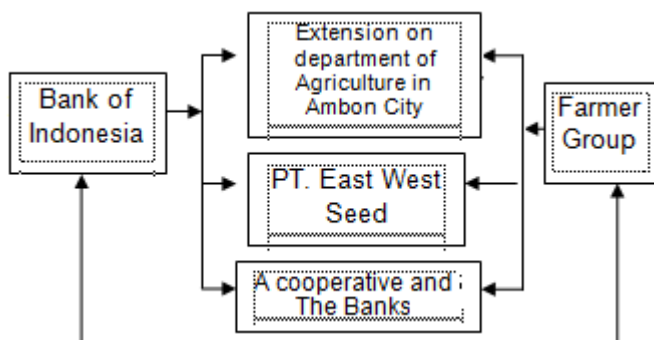
The cluster development program is a form of Bank Indonesia's participation in maintaining the supply side. The cluster approach is an interconnected core industry activity, both supporting industries, infrastructure, supporting services, information infrastructure and technology, natural resources, and related institutions. The presence of clusters is expected to increase productivity of commodities by managing clusters with the *value chain* approach. The results of strengthening the role of the cluster are expected to be able to support increased supply of commodities in the region. Increased supply is expected to maintain commodity price stability. In the long run, it is expected that the

contribution of inflation from *volatile foods* commodities can be more controlled.

#### 4.2 Farmer Empowerment Through CSR of Bank Indonesia in Ambon City

The company besides having a goal as an institution oriented to profit achievement, also has social responsibility. This social responsibility is the responsibility of the company to certain parties that must be met. fulfillment of this social responsibility will affect long - term business sustainability (Suprayanto and Rosadi, 2015)

Community empowerment according to Kartasasmita (1996) in Susilo Bambang (2010) is a strategy. right strategy is the effort that is aimed directly at the root of the problem is to improve the ability of communities. The part that is left behind in the community must be enhanced by developing and dynamizing its potential, in other words empowering it. Practically, the effort which is the mobilization of resources to develop the economic potential of this community will increase the productivity of the community itself, so that both human resources and natural resources around the existence of the community can be increased productivity . In the continuation of social responsibility carried out by Bank Indonesia can be in the form of empowerment that can be explained through a chart on below:



**Figure 1:** The Bank Of Indonesia’s Empowerment Chart

The above chart describes the coordination phase of Bank Indonesia with the extension of the Agriculture Office and PT. East West Seed as a supplier of farm equipment to farmers . The group in the horticultural cluster was chosen through collaboration between the agricultural service and Pt. East west, before the CSR program is held. This was done so that the assistance provided through CSR empowerment would be an effective target. If the two institutions have found and determined the farmer groups that are entitled to become a Bank Indonesia target group, then Bank Indonesia will analyze the farmer groups through the criteria set by Bnak Indonesia as executor . . through this analysis, Bank Indonesia easily finds farmer groups that can be targeted for empowerment, if this has been done then the selected groups are identified, then the group is required to make proposals regarding what needs will be borne by Indonesian Bnak and included as evidence of group needs farmer. The proposal was made by a consultant from PT. West to prepare a good proposal and in accordance with the needs of each farmer group to be submitted to Bank Indonesia . Bank Indonesia then re-analyzed and then could directly provide assistance to farmer groups. It should be noted, that the provision of

assistance to farmers is only in the form of cash that has been equated with the costs of equipment, seeds and fertilizers that are an important part of farming. the total amount of assistance received by the farmer groups for each is Hutumuri village for Rp. 22,000,000, for the village of Waiheru amounting to Rp. 87,000,000, for Passo village Rp. 34,625,000 and for Rumahtiga village Rp. 45,000,000.

Bank Indonesia cooperates with PT. East West in assisting and providing seeds, because PT. East West is one of the companies that supply national seeds. Aside from being a seed supplier, PT. West also contributed in fostering and guiding farmer groups in the cultivation of horticultural crops. Coaching and guidance from PT. West was carried out by a representative of the appointed consultant, in order to convey a good way to increase the production of hot crops. besides, the task of the consultant from PT. West also provides information to BI regarding good seeds / seeds for production, and reports on the development of each farmer group to Indonesian banks. PT West becomes a third party in the provision of seeds and equipment that supports the production of farmers which has been approved by Bank Indonesia. More clearly can be seen in the Table 1.

**Table 1:** Total Types and Amount of Seeds, Equipment And Fertilizers per Land Area

Farmer Group	Land Area (Ha)	Seedlings (kg / year)	Equipment (Unit / Year)	Fertilizer (kg / year)
1	0.25	896	73	3,300
2	1.5	2,615	26	24,350
3	3.77	5,330	44	44,750
4	1	738	197	4,302

Source: Primary data processed, 2018

The type and amount of seeds, equipment and fertilizer for each farmer group are different. The seeds given depend on the type of plant planted by the farmers, seen in the table above the seeds the largest number in the 3 farmer group is 5,330 kg / year. This is because the types of plants grown are spinach, chili, and tomato which require a lot of seeds. In the second position, the highest number is in the farmer group 4 with the number of seeds as much as 738 kg / year.

**Table 2:** Types and Number of Seeds per Farmer Group (Gr)

Type	Group 1	Group 2	Group 3	Group 4
	Amount (gr)	Amount (gr)	Amount (gr)	Amount (gr)
Watermelon	-	2.00	-	-
Melon	-	125	-	-
Cucumber	560	-	-	-
Cabbage	140	-	-	-
Chairs	-	-	-	243
Spinach	-	740	2160	207
Sawi	-	39	1,760	-
Kale	-	10,000	90,000	-
Tuk-tuk onion	42	-	-	-
chili	77	80	320	81
Tomato	77	440	120	81
Long Beans	-	30000	-	-
Papari	-	400	800	-
eggplant	-	200	-	126
Total	819	42,116	95,160	730

Source: Data processed, 2018



**Table 3:** Types and Amount of Equipment per Farmer Group (Units, Meters)

Type	Group 1	Group 2	Group 3	Group 4
	Amount (unit, m)	Amount (unit, m)	Amount (unit, m)	Amount (unit, m)
Hoe	5	8	11	8
Parang	5	5	10	4
Crowbar	-	2	-	2
Miniteler	1	1	1	1
Alkon	-	5	3	1
Spray tool	2	4	6	-
Cart	-	1	1	-
Water reservoir	-	-	2	1
Hose	60 m	-	10 m	18 m
Total	73	26	44	35

Source: Data processed, 2018

The amount of equipment provided consists of hoes, machetes, crowbars, miniteler, alkon, spray tools, carts, water barrels and hoses. The table above shows that the equipment obtained by group 4 is 197 units / year. the large number is due to the large number of hoses needed because of the distant water sources. In farmer group 2, the amount of technology is 26 units / year where more alkonones are obtained.

**Table 4:** Types and Amount of Fertilizers and Pesticides per Farmer Group (Kg)

Type	Group 1	Group 2	Group 3	Group 4
	Amount (kg)	Amount (kg)	Amount (kg)	Amount (kg)
Cage	3000	23,000	41,250	1,945
NOK	-	650	-	-
Urea	300	700	2,050	-
TSP	-	-	1,150	-
Za	-	-	300	-
Perto Organic	-	-	-	445

Source: Data processed, 2018

Fertilizer is an important element for plants. The table above shows that various fertilizers and pesticides used by farmers include manure, NPK, Urea, TSP, ZA, and organic Petro. the amount of fertilizer that is most visible in the table is located in the farmer group 3 as much as 44,750 kg / year, because the type of plant requires quite a lot of fertilizer and pesticides.

The different seeds, technology and fertilizer / pesticides for each farmer group are caused by the number and type of plants and the land used by farmers in each group differently. this is what causes the total assistance given by each group to be different. It should be noted that the assistance provided by Indonesian banks through CSR is only in the form of nominal tracing that includes the prices of seeds / seeds and supporting equipment and other costs included in the proposal submitted. this is done so that there is no misuse of cash assistance that can occur in error so that Bank Indonesia collaborates with third parties to provide seeds and others to farmers.

Activities carried out by extension agents to farmers are to assist farmer groups, where the seeds come from the Agricultural Extension Center (BPP). The extension program that was informed through interviews with farmers revealed

that not all farmer groups received counseling where. Some farmer groups in the horticultural cluster who received assistance from extension agents, namely Haya, were two groups from Waeheru village and Hutumuri village. Mentoring activities 2 to 3 times a week for review and counseling. Unlike the case with the farmer group of Rumah Tiga village, there were no extension workers who assisted the farmer groups only from company consultants and BI who *monitored the* development of farmer groups. Whereas in the village of Passo extension workers only carry out counseling once a month, so that sometimes obstacles / obstacles that are natural in the effort must be solved by the farmer groups themselves.

In addition to mentoring and counseling conducted by PT. West and Counseling from the agricultural extension service, Bank Indonesia also cooperates with several agencies that are perceived to be able to help and improve the quality of the farmers for the four farmer groups, including the Cooperative Office and Banking. the activities carried out by the two agencies are related to training for farmers in farmer groups for entrepreneurship and business development with the aim that farmers can have and understand the basic parts of the economy and planning so that farmers are expected to advance their business to market the products produced. In addition to the empowerment carried out by the relevant parties described earlier, Bank Indonesia conducted a comparative study attended by each group leader and one member who was given the opportunity to participate in the activity with the aim of farmers being able to see, understand and adopt the latest innovations obtained at the study site appeal.

Based on the results of the study, each training activity held by Bank Indonesia was informed that only a few of the farmer groups who attended the activity attended the event for each group. However, it did not burden other group members, because the group representatives reiterated the material received during the training activity.

The continuity of the empowerment program through Bank Indonesia's social responsibility can be seen in the attachment, if the farmer has fulfilled the points on the passing out criteria, indirect empowerment program can be stopped in the farmer group and rolled to other farmer groups in the same cluster, namely horticulture cluster. So far the three farmer groups, namely the Sinar Tani group, the RRI Jaya group and the Mulyo farmer group are still classified as under the responsibility of Bank Indonesia, while the Elshaday farmer group is not a group under Bank Indonesia's responsibility due to group members who have left the group and more choose to farm yourself.

The empowerment program from Bank Indonesia through the Horticulture Climatologists CSR is not solely always by giving donations or distributing part of the company's wealth to the farmer groups as movers to increase the production of horticultural crops, the creativity of farmers related to adopi innovation that is received during the comparative study among farmer groups who held, maintaining price stability with a stable production that is maintained, but with the assistance it is hoped that farmers can be motivated to further

improve the quality of the resources owned by farmers in order to increase production.

## 5. Conclusions

The empowerment carried out by Bank Indonesia through CSR (*Corporate Social Responsibility*) in collaboration with PT. East West Seed and the Department of agriculture through the provision of assistance in the form of seeds, fertilizer and equipment support to increase horticultural production in the city of Ambon.

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## Author Profile



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