

CHAPTER I INTRODUCTION

A. Background

Agriculture is the mainstay of the state in developing the national economy, especially through agribusiness. Achieving a business in the agricultural sector requires raw materials, capital, machinery, and labor that is supported by facilities, cultivation, post-harvest, sorting, storage, packaging, and market information to be able to distribute products to consumers. Consumers are likened to people who need these products and pay for them in the form of prices. The formation of product prices and how many parties are involved in product distribution activities to consumers is to get profit-sharing (Soeharjo, 2010).

According to Jastra (2015), Agriculture in Indonesia has a major to rice and corn as the main commodities. In addition, the government has plans to increase productivity, especially for corn in terms of human consumption, and food for animals that make many benefits in corn cultivation including cooking ingredients, oil, and corn residue for livestock needs.

The Director of Agriculture in Indonesia stated that corn production in 2021 is expected to reach 22.5 million tons with consideration of 4.2 million hectares (ha) for planting land, 4.1 million tons for harvested land, and 5.4 tons for productivity. This is based on the assumption that there should be more land on corn compared to the previous year, thus it is intended to develop planting areas and also increase productivity opportunities. Based on BPS data, one of the regions that contributes to corn production is located in West Sumatra. This can be seen from data showing that corn in West Sumatra in 2020 is a land area of 134,911.70 hectares with 939,465.95 tons of production (BPS West Sumatra, 2021). In terms of productivity, increasing population, people's welfare, food ingredients and factory needs that determine the amount of demand for corn availability, corn is very mandatory to be cultivated, and to prevent the need for continuous imports on the availability of national commodities in terms of

commodity scarcity which affects the decrease in national demand (Director of Agriculture of Indonesia, 2021).

Corn has been widely cultivated in Indonesia, especially in the Pasaman Regency, West Sumatra. Data from BPS Pasaman (2021) states that corn production in Pasaman Regency increased from 2018 with 73,063.38 tons and 80,750.93 tons in 2020, based on corn production in which Pasaman is also a corn producer, and Lubuk Sikaping is the one of the areas that cultivate corn. According to Lubis (2018), he defined that Pasaman has a plan in the agricultural sector with the aim of developing the economy and the welfare of the community by paying attention to the availability of productive land. In addition, corn farmers in Lubuk Sikaping have a specific goal, namely because the land that is suitable for corn cultivation has good quality with an estimated 3 to 4 months to harvest. It also encourages farmers to cultivate corn based on demand from industry, poultry, and household needs.

Marketing activities according to Jari and Fraser (2013), known as "Chain-Links" which describe the number of parties who contribute from upstream activities to downstream activities that have an important impact on getting revenue from the business carried out with the aim of being marketed products can be sent to consumer. Based on this, there is also the term "trade usage" with various factors, namely as a provider of market price information, the value of needs and standards, terms of agreement, market infrastructure, participant groups, and related matters for smooth marketing which is the key to social and economic stability.

Based on the statement of Soekartawi (2000), market institutions have an important role in completing marketing objectives, including producers, collectors, wholesalers, retailers, and consumers who become institutions or parties involved in achieving profits and are critical factors in creating marketing activities. In the marketing channel, according to Mubyarto (1989) it is possible that the market will become inefficient due to the lack of a role in overseeing marketing activities; efficient is described by giving the minimum cost to produce optimal output; it aims to get a fair price for each party involved in the marketing channel.

Based on the marketing objectives, the marketing of corn will be determined by how marketing works and how to get profits for farmers. This marketing needs to be observed because it has an impact on the welfare of farmers through their income which affects their survival as a producer.

B. Problem Statement

The development of corn in West Sumatra is directly related to the need for human consumption and poultry to increase the power of farmers in the welfare of the community's needs, and marketing is crucial in achieving all of these things. In recent years, marketing activities have been developed to be offline and online, which makes marketing more efficient. Policies that support all parties involved as producers, collectors, wholesalers, retailers, and consumers. The current policy also prevents policy instability, especially for suppliers of raw materials such as farmers.

Pasaman Regency is one of the corn business areas which are the 5 largest areas of corn production in West Sumatra Province (BPS, 2021) (Appendix 1). One of the corn production that is still under development is located in the Lubuk Sikaping District with a total production of 2,916 tons in 2021 (BPS, 2022) (Appendix 2). One of the areas that cultivate corn in Lubuk Sikaping District is Tanjung Beringin, where the majority of the farmer cultivate lowland rice and corn as the largest production of 5.7 tons/ha (Appendix 3).

Based on the preliminary survey, there are two types of shelled corn marketing channels, the majority of which are distributed for poultry purposes, including 1) Starting from farmers distributing their products to collectors, then collectors to wholesalers and ending with wholesalers to poultry, 2) Farmers selling directly to wholesalers and wholesalers sell directly to poultry. The price differences that occur from farmers for each kg of shelled corn range from IDR 4,000/Kg to IDR 4,800/Kg. This of course provides price differences that can affect farmers' marketing activities in each channel and also provide market margins to gain benefit of each parties involved, it is necessary to find out how much efficiency the marketing and determine the share margin as an illustration of marketing conditions in scientific form.

Based on this statement, researchers are interested in conducting observations with marketing identification carried out in South Tanjung Beringin in Lubuk Sikaping District, Pasaman Regency; with the following research questions:

1. What is the marketing channel from shelled corn to poultry farm in South Tanjung Beringin area?
2. How is the marketing efficiency of shelled corn marketing to poultry in South Tanjung Beringin area?

Based on this questions, the researchers decided to give the research title: **Analysis of Shelled Corn Marketing Efficiency in Pasaman Regency (Case Study in South Tanjung Beringin Village in Lubuk Sikaping District in Pasaman Regency).**

C. Research Objectives

The aim of this research are:

1. Describe of shelled corn marketing channel in South Tanjung Beringin Village
2. Analyze shelled corn marketing efficiency in South Tanjung Beringin Village

D. Significance of Research

There are four categories of significance:

1. For academics, this research was expected to give a new acknowledgment to the reader and could be a reference to another researcher for further research with the same research problem.
2. The researcher is supposed to be a form of self-training with the actual condition in the field based on the theory from the lectures.
3. Government and institutions that have an essential role in implementing the marketing policy consider giving all market parties an advantage.
4. For the reader, to give an acknowledgment in the form of information and availability of shelled corn farmers of South Tanjung Beringin in Lubuk Sikaping Pasaman Regency.