

## FACTORS RELATED TO FARMER MOTIVATION IN FOLLOWING THE CATTLE BUSINESS INSURANCE PROGRAM

<sup>1</sup>Syamsinar Syukur, <sup>2</sup>Musdalifah, <sup>3</sup>Sitti Nurani Sirajuddin, <sup>4</sup>Nur Fitriani

<sup>1</sup>Lecturer at the Agribusiness Study Program, Faculty of Agriculture, Makassar Islamic University

Email: syamsinars [grateful70@gmail.com](mailto:syamsinars@gmail.com)

Email: [musdalifah83@gmail.com](mailto:musdalifah83@gmail.com)

<sup>2</sup>Lecturer at the Department of Animal Social Economics, Faculty of Animal Science, Hasanuddin University

Email: [sitti.nurani@unhas.ac.id](mailto:sitti.nurani@unhas.ac.id)

<sup>3</sup>Staff at the Animal Husbandry and Animal Health Service of Sinjai Regency, South Sulawesi Province

Email: [nurfitrianiamir3646@gmail.com](mailto:nurfitrianiamir3646@gmail.com)

Corresponding Author : [sitti.nurani@unhas.ac.id](mailto:sitti.nurani@unhas.ac.id)

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### Abstract

This study aimed to determine the factors related to the motivation of farmers in participating in the cattle business insurance program (AUTS). This research was carried out in Tellulimpoe Subdistrict, Sinjai District, from October to November 2018 on breeders raising beef cattle and participating in the Livestock Business Insurance (AUTS). This type of research was a mix method that is qualitative and quantitative approaches. The population was all beef cattle breeders who followed the AUTS program, namely 582, samples using Slovin formula obtained 41 breeders. This type of research was quantitative descriptive. Data sources were primary data and secondary data. Data analysis used was descriptive statistics namely Spearman rank. The results of research indicate that internal factors of farmers that have a relationship in the sufficient category with the motivation of farmers in participating in the AUTS program are the relationship aspects of social relationships with the age of the respondent, the relationship between aspects of basic needs with the number of family dependents and the relationship between aspects of business development with the level of education. While external factors that have a strong relationship with the motivation of farmers to join the AUTS program are aspects of basic needs and business development are market factors.

**Keywords:** related factor, farmers, cattle, business insurance

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### INTRODUCTION

Livestock as one of the agricultural sub-sector was an integral part of the success of the sector in Indonesia. The vision of agricultural development was a cultured livestock industry by industrial base, productivity and sustainable. Agriculture future was faced with fundamental change because of the changes in the global economy, biological technology development, various international agreements, product demand, product packaging and environmental sustainability. Concretely, Indonesia livestock will be competing with other countries livestock not only seizes the international market but also the domestic market in Indonesia (Sirajuddin et al, 2016). In order to achieve these development goals, todays livestock have been directed towards developing in more advanced livestock with the area approach the production center which is concerned development in certain areas, using appropriate technology and implementation of a new runway; efficiency, productivity and sustainability (Sirajuddin et al, 2018). Government programs have developed a lot in the community, therefore in order to achieve their goals, management and management needs to be done well. Regular evaluation such as whether programs can produce an increase in production, farmers' income and absorb labor is very important to know the level of achievement of goals, because often programs like this experience failure in achieving goals. One measure is that a program or project can meet the empowerment target if it meets the requirements technically and financially for farmers, meaning that it is technically feasible and financially profitable for farmers (Kusnadi, 2008).

Previously the Indonesian government through the Ministry of Agriculture had begun trying to analyze the feasibility of implementing an insurance system for agriculture since 1982 by forming a working group for agricultural insurance, but

agricultural insurance did not continue because there was no interest in insurance (Pasaribu et al. 2010). Agricultural insurance in several countries such as China, Australia, Canada, India, Serbia, Indonesia is one of the efforts in addressing climate change that is happening today (Yanli, 2009; Pocuca et al. 2013; Pasaribu, 2010; Estiningtyas et al. 2011 ; Thomas and Leichenko, 2011; Heimfarth et al. 2012). Agricultural insurance which is widely developed in several Asian and African countries is crop insurance with main food commodities as insurance guarantees to support food security (Yanli, 2009; Pasaribu, 2010; Pocuca et al. 2013). In addition to food security, agricultural insurance can also benefit farmers in protecting against losses that may be faced by farmers (Hindasyah, 2003; Collier et al. 2009; Yanli, 2009; Pasaribu, 2010; Singla and Sagar, 2012; Pocuca et al. 2013).

In the implementation of agricultural insurance, the government cooperates with state-owned financial services companies including insurance that is required to have a special unit for the agricultural sector as of January 2014. The law issued by the government regarding agricultural insurance is an effort to protect farmers as a government policy that shows its alignments to agriculture in Indonesia

Cattle insurance is one of the important programs to support the agricultural sector, especially livestock, given the important role of cattle insurance not only for farmers but for various parties such as: 1) for breeders as a driver of good farm governance, protect against the risk of loss, improve farmers' access to financial institutions; 2) for insurance companies as a product to develop their business; 3) for financial institutions as guarantors in granting capital loans to livestock businesses; 4) for the government as an alternative to reducing beef imports and as a supporter of the beef self-sufficiency program. According to the

mandate of the Law on state-owned companies including insurance to have a special unit for the agricultural sector which includes cattle insurance. This is a good momentum to be utilized so that insurance services in agriculture can be developed in Indonesia, which is an agricultural country whose economy is one of which relies on the agricultural sector. PT Assurances Jasa Indonesia as one of the state-owned enterprises mandated to carry out agricultural insurance which includes cattle livestock insurance needs to determine the right strategy in its implementation. Determination of the right strategy is important for the company in an effort to develop its business because it is expected that cattle insurance can increase product diversity and increase company productivity in the future.

The success of a program such as the Cattle Business Insurance (AUTS) program, especially in Sinjai Regency is not only determined by the availability of facilities or infrastructure, capital and other assistive devices but also depends on how much motivation the farmer has.

The success of a program such as the Cattle Business Insurance (AUTS) program, especially in Sinjai Regency is not only determined by the availability of facilities or infrastructure, capital and other assistive devices but also depends on how much motivation the farmer has and the farmer's motivation is also influenced by internal factors and external factors farmers so this study to determine the relationship between internal factors and external factors of farmers with the motivation of farmers to participate in cattle business insurance

#### Research of Methods

This type of research used in this study is a type of mixed research, namely research that uses a quantitative approach as the main approach (quantitative dominant) and qualitative as a supporter (qualitative less) that aims to describe the motivational variables of farmers to the Cattle Business Insurance program (AUTS). This research was conducted in Tellulimpoe Subdistrict, Sinjai District in October to November 2018 for cattle breeders who entered beef cattle business

participants. Populations in this study were all farmers who participated in the Livestock Business Insurance program in Tellulimpoe Subdistrict, Sinjai District, totaling 582 farmers participating in the Cattle Business Insurance (AUTS). Since the population is quite large, a sample was taken using the Slovin formula and produced 41 respondents of AUTS participants in Tellulimpoe District, Sinjai District. This sample was chosen randomly. The data source used in this study is primary data, that is data sourced from direct interviews with farmers participating in the Cattle Livestock Insurance (AUTS) program regarding research variables using questionnaire assistance and secondary data, namely data obtained from related agencies such as village monographs data on beef cattle population data and Cattle Business Insurance data (AUTS) in Tellulimpoe District, Sinjai Regency. The analysis used in this study, based on the objectives of the study conducted, then used qualitative and quantitative methods using the Spearman rank correlation test:

$$rs = 1 - \frac{6\sum d^2}{n(n^2 - 1)}$$

Where :

rs: Spearman Correlation coefficient values

d: the difference between the two ranking variables

n: number of observations

#### RESULT AND DISCUSSION

##### Internal Factors related to Farmer Motivation Following the AUTS program

Characteristics of farmers suspected to be related to the motivation of farmers in participating in the AUTS program are age, education, length of breeding and number of dependents. Analysis of the relationship between farmer characteristics and farmer's motivation is processed with using the Spearman rank analysis. The results of the Spearman rank correlation analysis are shown in Table 1

**Table 1 Correlation Coefficient of Internal Factors of Farmers and Farmers' Motivation of the AUTS Program in Tellulimpoe District, Sinjai Regency**

Internal factors of farmers	Motivation of Farmers to join a cattle insurance program		
	Basic needs	social relations	Business development
Age	0,276	0,545	0,246
level of education	0,318	0,234	0,705
long time raising	0,190	0,361	0,269
number of family dependents	0,675	0,197	0,349

Source:

Table 1 shows that the relationship between community motivation for the AUTS program to meet the need for social relations, namely the needs of farmers to be accepted in relationships in the community where they live, with the age variable showing a real relationship ( $P < 0.05$ ;  $r = 0.545$ ). This means that as the age of the farmer increases, the farmer will increasingly need to meet the needs to be accepted in the social environment where he lives. This is understandable given that the older a person is, the more the farmer realizes that life cannot be alone, requires and is needed by other people, especially people around their neighborhood (neighbors). Some older farmers in Tellulimpoe Subdistrict admitted that they felt closer to neighbors who were also cattle breeders. This sense of closeness arises because farmers often carry out the same activities and routines, for example when looking for grass together, discussing livestock diseases that are difficult to overcome.

The relationship between the motivations of farmers to join the AUTS program to develop business is significantly related to the

level of education of farmers showing a real relationship with the correlation coefficient of 0.705. Farmers with higher education have a greater desire to develop livestock businesses. Farmers understand that the development of livestock businesses through increasing business scale will increasingly provide opportunities to increase income. So that the AUTS program is one solution to reduce risk in business development. Farmers with higher education understand more and feel the need that current livestock businesses should be improved in the future. Farmers with a junior high school education and senior high school education generally aspire to someday become big livestock entrepreneurs, and make cattle farming as their main livelihood. This condition is different from other farmers with low education (elementary school), who generally think that livestock business which is run at this time is sufficient, and does not want to increase the scale of their business, does not also aspire to become a large livestock entrepreneur.

Motivation of basic needs is significantly related to the number of family members that the more the number of dependents the

family will increase the motivation of farmers to meet their basic needs. The basic need in this case is additional income. Households that have quite a number of members have even greater needs, so additional sources of income are needed. Thus, cattle raising are an alternative source of additional income to meet the needs of the families of farmers in the District of Tellulimpoe. This is in accordance with the opinion of Sirajuddin et al (2016) that most of the livestock farmers try to provide cattle because they provide quite a decent additional income, in addition to being quite profitable. Thus, the business of raising cattle becomes an alternative source of additional income to meet the needs of the families of farmers. While the relationship between the length of breeding has a low relationship with the motivation of farmers to participate in livestock business

insurance programs both with basic needs, social relations and business development

#### **External Factors Related to Motivation of Farmers to join the cattle business insurance program**

External factors are conditions outside the breeders who can support the Farmers in their participation in certain programs, including the Livestock Business Insurance (AUTS) program. External factors for Beef cattle farmers in Tellulimpoe Subdistrict include markets for livestock business, technology, production facilities and equipment, production stimulants, and transportation are processed using Rank Spearman analysis to find its relationship with farmer motivation on the AUTS program. The relationship of each external factor with the motivation of farmers to the AUTS program can be seen in table 2

**Table 2. Correlation coefficients of farmer external factors with breeders' motivation to the auts program in the tellulimpoe sub-district of sinjai district**

External factors of farmers	Motivation of Farmers to join a cattle insurance program		
	Basic needs	Social relations	Business development
market	0,601	0,382	0,580
Technologi	0,240	0,408	0,547
Production Facilities and Tools	0,159	0,142	0,359
Stimulant Production	0,068	0,237	0,147
Transportation	0,178	0,181	0,284

Source: Primary Data after Processing, 2019

Table 2 shows that Farmer Motivation in following the AUTS Program in aspects of basic needs is strongly related to Market factors (0.601). The market has a real relationship with the motivation of farmers to AUTS related to the basic needs of farmers. Correlation coefficient values indicate the correlation value of 0.601. Indicating that the guaranteed price for breeders, the guaranteed and high selling value of cattle production will greatly affect the level of availability of farmer consumption. On the other hand, farmers will be able to easily allocate the income obtained from livestock businesses to other needs, such as house repairs, and some can be used for savings

Facilities and means of production have a low relationship with aspects of basic needs with a correlation value of 0.159. This shows that the equipment and equipment used by farmers in the cattle business are still relatively simple. Procurement of production facilities and equipment will affect the supply of farmers' needs going forward. Any costs incurred will have an impact on the amount of other costs that will be allocated in meeting the basic needs of farmers. While the stimulant factor of production is associated with basic needs, it only correlates very low (0.068). This is due to the fact that farmers who participate in the AUTS program only get assistance such as medicines, vitamins and health checks from breeder officials, so that they do not have any impact on meeting the basic needs of farmers. While other types of stimulants, such as the availability of goods needed by farmers in the local area. The more other goods available on site, the more cattle business results will be sold in order to obtain these items, so that the number of livestock owned by farmers does not increase or even tends to decrease and result in farmers being unable to be well received by the group of farmers

Farmer motivation on the Social Relations Aspect correlates quite strongly with market factors (0.384) and technology factors (0.408). Farmers who participate in the AUTS program find it easier to get knowledge and technology disseminated by the extension workers and from other sources. The function of the group is very optimal as a vehicle for teach breeders in obtaining information and new technologies that are needed by

farmers. Likewise with market information. Farmers can easily get information on livestock prices and can sell livestock easily, this is because a good relationship between fellow breeders allows good access to information.

As for the motivation of farmers to follow AUTS in the aspect of business development, market factors (0.580) and technological factors (0.547) are also strongly related. This shows that breeders in applying new technologies such as artificial insemination, drug administration, selection of superior seeds, feeding according to recommendations can increase livestock population so that it has implications for the sale value of livestock and business development. Likewise, only with means and infrastructure factors with a correlation value of 0.359. By joining the AUTS program, farmers will easily obtain production facilities and equipment that come from government assistance through livestock groups.

The factor which has the weakest relation to the aspects of business development is (stimulant production) with a correlation value of 0.147 (very low). Because stimulants such as the availability of goods needed by farmers in the local area. Can have an impact on more and more cattle business results that will be sold in order to obtain these goods, so that the number of livestock owned by farmers does not increase even tends to decrease and cause farmers to not be able to develop their livestock business

#### **CONCLUSION**

Internal factors of farmers that have a relationship in the category of enough with the motivation of farmers in participating in the AUTS program are the relationship aspects of social relations with the age of the respondent ( $r = 0.545$ ), the relationship of aspects of basic needs with the number of dependents of the family ( $r = 0.675$ ) and the relationship of aspects of business development with the level Education ( $r = 0.705$ ). While external factors that have a strong relationship with the motivation of farmers to join the AUTS program are aspects of basic needs (0.601) and business development (0.580) are market factors.

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