

AGRIBUSINESS INSTITUTIONS IN THE PANDEMIC TIME COVID -19: A LESS CONTACT ECONOMIC APPROACH.

Kenal P Hutapea¹, Donny Ivan Simatupang²

^{1,2}Methodist University, Medan

Correspondence : hutapeakenal@yahoo.co.id

ABSTRACT

Business construction in the era of the global covid-19 pandemic has definitely changed. The reduction of physical contact is the most demanding health protocol. For the agricultural or agribusiness industry, this certainly reduces business performance significantly. The study aims to identify agribusiness institutions in the era of the Covid-19 pandemic. The research method uses descriptive qualitative methods to describe the institutional and agro-business development models in the current pandemic era. Primary data obtained from various literature are representative and describe the actual condition.

The results showed that the role of a synergistic institution is needed in every agribusiness subsystem, to help solve problems at the farm, marketing and agro-industry levels. A technological approach to digital marketing is needed as a form of modification of agribusiness institutions at this time.

Keywords: Institutional, Agribusiness, Covid -19 Pandemic, Less Contact

INTRODUCTION

After approximately two months of implementing social restrictions to break the chain of Covid-19 spread, the government finally began to loosen up the policy. Gradually, the normalization of social life will begin. This normalization process is carried out in a new normal framework. The new normal is a normal activity as usual, but with a new pattern. In fact, this new pattern of life is manifested by the implementation of health protocols as has been implemented so far, namely using masks, washing hands, and maintaining distance in public places. The new normal is a new life that is under the shadow of the corona virus. The new normal terminology is now a compelling crunch. Awareness of the impact of the spread of the corona virus which has really hit economic life demands that the normalization process be implemented. In order to minimize greater economic risk, normalizing is a rational decision. However, normalization in the midst of a pandemic is a big gamble.

At some point, the normalization process is very open to the possibility of increasing positive cases of Covid-19. Thus, normalization decisions must be made with an in-depth review. Efforts to prevent the spread of the virus must be the government's priority points. The collapsing resilience of the national economy due to the pandemic was marked by weakening economic indicators both at macro and micro levels. From a macro perspective, BPS data show that Indonesia's economic growth in the first quarter of this year fell sharply to the level of 2.97 percent (yoy). This is the lowest economic growth since the Asian financial crisis. The investment sector only grew by around 1.70 percent in the first quarter of 2020.

Both economic growth and investment recorded the lowest growth during President Jokowi's administration. Currently, inflation in Indonesia is recorded at a low percentage of 2.9 percent. Low inflation indicates low purchasing power. Even low interest rates will not absolutely stimulate public purchasing power and investment in the real sector.

Agribusiness is an elementary sector in the government's efforts to achieve food security in this country. Unfortunately, agribusiness institutions, which should work together to realize these goals, are limited to making direct contact. Here in comes the need for adaptation to these conditions which require minimal contact.

THEORETICAL FRAMEWORK

Digital Marketing Digital technology must be recognized as changing the human order when communicating, acting, and designing decisions. Economic activities, especially marketing, are not free from the strong influence of digital communication and information technology. The term or terminology of digital marketing (digital marketing) has changed from time to time. Initially, digital marketing was a marketing activity for goods and services using the medium of digital channels, then led to a broader understanding as a process of acquiring customers or consumers, building and developing consumer preferences, promoting brand strength, maintaining consumer loyalty, and increasing sales volume. Basically, the term digital marketing comes from the internet as well as the search engines on a page or site.

When the use of the internet was rapidly expanding in 2001, the market share was strictly dominated by corporations such as Google and Yahoo as an instrument for the search engine optimization (SEO) system. The use of searching through the internet developed in 2006 and in 2007 the use of mobile devices increased dramatically which also increased the use of the internet and people from all over the world began to connect with each other through social media (Khan & Sidiqi, 2013). The limitations regarding digital marketing according to the American Marketing Association (AMA) are activities, institutions, and processes that are facilitated by digital technology in creating, communicating, and conveying values to consumers and other interested parties (Khanan & Hongsuang, 2016). Digital marketing is also defined as marketing activities that use internet-based media (Wardana, 2015).

The internet is a very influential instrument in the business world. The Internet has the following characteristics: (1) Interactivity, the ability of technological instruments / devices to facilitate communication activities between individuals such as face to face. The communication process is very interactive so that participants can communicate more accurately, effectively and satisfactorily. (2) Demassification, communication messages can be easily exchanged to participants involved on a large scale. (3) Asynchronous, communication and information technology has the power or ability to send and also receive messages at the tempo desired by each interaction participant. Practical social media allows business actors (especially in this case, MSMEs) to reach consumers and build more private / personal relationships.

Furthermore, social media can be distinguished according to the nature of the connections and interactions that are constructed, namely:

1. Profile-based, namely social media based on profiles that focus on individuals. This type of social media encourages connections and interactions that occur because individuals are attracted to these social media users (e.g. Facebook, Twitter, WhatsApp).

2. Content-based, namely social media that focuses on content, discussions, and comments on the content displayed. My main goal is to connect individuals with content provided by certain profiles because they like them (e.g. Youtube, Instagram, Pinterest). Social media has opened the door for businesses to communicate with millions of people about their products and has created new marketing opportunities. In practice, there are several social media that are “exploding” at the moment, namely Whatsapp, Instagram, Twitter, Line, Telegram, Facebook, Youtube, and others. Individual users must have various motivations in using social media. For example, activation is simply to communicate with other parties, to seek new knowledge, to share certain information with each other. It is even possible to follow the current trend, namely social media as a digital form of one's existence. For individuals who want to be recognized by the wider community through social media, they will usually use open social media such as Instagram, Facebook, Line, or Twitter. However, social media can also be an important medium for marketing certain products. This is what then becomes a way of selling with a promotional medium with digital mode or virtual world mode. Now this is increasingly becoming a necessity, so that promotion and conventional marketing based on direct interaction is getting reinforcement

Economic Institutions

The new normal that will be implemented immediately is a necessity for the economy. The process of normalizing life opens up hopes for economic recovery in Indonesia. The driving wheels of the economy, both households, formal and informal enterprises, investment and the financial sector, are finding economic opportunities again, even though they are on a light scale. At least, this new normal will become the foundation for strengthening the economy in each of the elements.

However, the normalization of economic activity in each of the elements driving the economy faces serious challenges. For households, especially those affected by the termination of their work contract, normalization does not automatically get offers from companies. On the other hand, both formal and informal companies must operate with limited finance. In addition, they must be faced with the problem of low demand. Likewise, investment, both real investment and investment in the money market, is still fraught with doubts.

In response to this condition, there should be improvements to the economic institutional structure. Economic institutions must also apply the normalization process with new patterns. Currently, economic institutions that are prioritized are capable of strengthening the domestic economy. Economic institutions refer to rules, agreements, and work procedures. In the new normal condition, there must be an update in the rules and work procedures of every economic subject.

Adaptive attitude is the right choice to serve as the main basis for every economic actor. This is important to avoid clashes between expectations of economic actors and real conditions. Currently, what must be prioritized is strengthening the domestic economic base. So that institutionally, what must be addressed seriously are the household sector, companies both formal and informal, and the financial sector. The new normal praxis for households, especially those affected by layoffs, is to slowly change their work orientation, from wage workers to job pioneers.

The weak financial capacity of the company has an impact on the company's demand for labor. In response to this, the right way is to start a personal business. Households can take advantage of bank credit structuring. For companies, both formal and informal, strengthening company capital can be done through a bank credit scheme. The production of the company is primarily directed at increasing sales rather than maximizing profits.

In addition, the company must also be able to optimize the productivity of its workforce. In the financial sector, banking credit restructuring is a concrete step for banks to support the real sector. The banking sector in disbursing credit at this time must be more careful. The ability to know customers is very important to prevent moral hazard behavior.

Today's economic actors are required to be able to create a new economic climate. The direction of changes in the rules and work procedures of each economic actor must be carefully calculated to anticipate risks that may arise. Accuracy in viewing economic opportunities supported by a sound economic institutional system will undoubtedly accelerate the process of economic recovery.

METHOD

The research method uses descriptive methods, to make descriptions, descriptions, or paintings systematically, factually and accurately regarding the facts, characteristics and relationships between the phenomena being investigated (Nazir, 1988). Descriptive method is used to describe agro-business institutions which include: (1) input supply subsystem (2) farming subsystem, (3) patchouli oil marketing subsystem.

The qualitative method is expected to be able to produce an in-depth description of speech, writing, and observable behavior of an individual, group, community, certain organization in a particular setting context which is studied from a complete, comprehensive and holistic point of view (Data collected is Secondary data on institutions and their roles in the agribusiness system which include: (1) input supply subsystem (2) farming subsystem (3) marketing subsystem, as well as literature review, research results, and reports from relevant agencies / agencies.

DISCUSSION

Institutions, namely organizations that are able to produce a variety of products that can utilize and develop comparative advantages or competitive advantages, have a very important role in agribusiness development. Agricultural institutions have an important role in the development of patchouli, both in terms of providing production facilities, farming activities, processing and marketing of patchouli oil.

1. Production Facilities Industry.

On the supply side of production facilities, there should not be an institution that intensively implements patchouli breeding. This industry is very important because agricultural infrastructure is very elementary in the overall construction of agribusiness. This institution must have the capacity to cover the needs of farmers widely.

2. Credit Institutions

The dimension of capital has no doubt about its role in the agricultural industry. Capital is a production factor which is one of the important needs for farmers to carry out

production activities. So in a pandemic like this, access to credit facilities is better to use digital fintech. Of course it requires very high trust in the context of this technology-based lending. On the other hand, there is an institutionalization based on community, namely cooperatives for farmers. The existence of a crisis of farmers' confidence in the existence of cooperatives, low human resources and a less organized cooperative management structure has resulted in the existence of cooperatives not running efficiently both in quality and quantity. Although there has been propaganda from the government to form a microfinance institution in carrying out the farming structure, until now there has been no party that is committed and competent to form a microfinance institution that can assist farmers' access to farming capital.

3. Farmers

Farmers are the main pillar in agribusiness development. For this reason, the government conducts outreach and counseling in order to increase farmers' motivation to do farming well.

4. Marketing Institutions

Marketing involves farmers, collectors, cooperatives, domestic industry and exporters. The crisis opened a window of opportunity to revitalize the agricultural sector. The condition of complete closure from international trade (complete autarky), will test the Indonesian agricultural production system hard, and help us to identify weak points to improve in the long term context. As mentioned above, apart from being an important part of the food supply system, in times of crisis it turns out that the agricultural sector can become a natural social safety net. The agricultural sector, even in normal times, is still the largest employer in Indonesia, especially when there is an economic crisis.

The application of digital communication between agricultural institutions is indeed not easy considering that all require adequate infrastructure. Infrastructure in the form of computing technology, internet networks and also qualified human resources is an inevitable necessity in this context. However, it is actually not impossible to do, especially in a pandemic like now, various adjustments in terms of communication.

Agriculture is the basic foundation of the nation's economy, with good agricultural development will impact on a stable economy. Agricultural development to the economy of a nation is directly proportional. A nation can be said to be a developed nation if all the primary needs of its people are met, namely food needs. Vice President Jusuf Kalla said that the trend of automation in industry 4.0 must maintain the basic needs of the Indonesian people, especially in agriculture. In agriculture, digital technology can be utilized during the on farm and off farm processes. Mobile technology can also be used in agricultural innovation. This aims to increase opportunities for farmers to access information about agricultural commodities through information services on agricultural commodities.

Mobile-based information services are needed when farmers need fast agricultural information. So that it does not take long to find out, especially about commodities such as seed prices and availability of fertilizers, commodity prices in the market, commodity crop areas, predictions of harvest periods and means of gathering farmer groups. In the on-farm process, digital applications can be applied to control plants remotely, so that the monitoring process can be carried out with unlimited time and can increase crop yields 100 percent. IT-based

agricultural systems can be used to monitor and determine crop requirements. The information system can send a short message sent by the application or see directly the location of the farm with a CCTV camera. Especially with the drone camera technology, controlling the landscape of agricultural lands is easier to do.

Meanwhile, for the off farm process, digital technology can be applied to the marketing process and traceability in the distribution chain. The traceability system will increase the transparency system in all agricultural production chains from upstream to downstream. So that it will improve the image of a healthy Indonesian agriculture in the eyes of global consumers. In other words, it is able to anticipate rejection of Indonesian agricultural products abroad. This is an adjustment effort in the era of globalization and free trade with the demands of the market and consumers who are increasingly careful, caring, and careful about the agricultural products purchased. Therefore, ease of traceability is the main demand. The digital agricultural system can be a solution to overcome domestic food problems in a more organized way to create a policy process. The existence of a digital agricultural system, the government can control what commodities are planted and harvested from one area to another in the hope that there will be no significant differences between the data and the conditions in the field. Through this system, the government can more easily find out which areas have a food surplus and deficit, making it easier to find solutions.

For farmers and consumers the digital agricultural system will greatly help avoid and minimize price games by cukong and food mafia. The existence of a digital agricultural system will facilitate distribution from farmers to consumers by shortening the food supply chain system. The digital agricultural system is not limited by time and place to access it and has the opportunity to increase farmer empowerment. So that it is expected to be able to reduce inequality in access to food, accelerate the fulfillment of food needs from one region to another and contribute significantly to economic development in Indonesia. Law No. 18 of 2012 on Food regulates food availability, distribution, security, consumer protection, food security, and criminal provisions are still not relevant to the needs in the era of industrial revolution 4.0.

CONCLUSION

Effectiveness and institutional synergy need to be the main focus in the development of patchouli agribusiness so that it can be ensured that each stage of agribusiness can run well, helping to overcome problems at the farm, marketing and agro-industry levels. Agribusiness development must be export-oriented so that it can increase the quality and selling price of patchouli oil which has implications for increasing farmers' income and welfare, creating added value, expanding employment opportunities, and increasing the country's foreign exchange. Suggestions Agribusiness development requires taking sides with the government, private industry, and village institutions through easy access to credit, superior seeds, farming guidance (through counseling and mentoring), development of agricultural infrastructure for access to land locations and product marketing, and procurement of modern equipment

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