Evaluation of broiler partnership program with importance performance analysis in Kampar District, Riau Province

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ABSTRACT: This study aimed to evaluate the performance of broiler partnership program with importance performance analysis (IPA) approach and analyze its performance attributes that need to be improved and maintained in Kampar Regency, Riau Province. This descriptive study was done by using survey research methods on plasma farmers who has partnered with poultry companies, consisted of 30 plasma farmers in partnership with foreign capital companies, 10 plasma farmers in partnership with multinational companies and 6 plasma farmers in partnership with local companies. The samples were selected with purposive sampling method. The results of this study showed that the average service performance of the foreign capital partnership was 94.57 (very good), the multinational partnership was 95.22 (very good), while the local company partnership was 66.44 (good). Moreover, the local company partnership showed poor attributes on the feed quality and compensation. The service attributes that should be maintained by the foreign capital partnership were the suitability of harvest time, the response to all complaints, the suitability of output prices and the provision of compensation. Multinational partnership service attributes that should be maintained were the application of DOC contract prices, suitability of harvest time, response to all complaints, suitability of output prices, bonus price, and compensation. Moreover, the attributes of the services by the local company partnership that should be maintained were the drugs and vaccines qualities, technical guidance frequency as well as services and guidance material.

Keywords: Performance; Partnership; Importance Performance Analysis; Kampar

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INTRODUCTION

One of the government's efforts in helping farmers was to encourage farmers to collaborate with other parties, or better known as partnerships. This was regulated in the Article 30 of Law No.18 of 2009 concerning animal husbandry and health. The main principle in partnership is equality, fairness and mutual benefit (Fitriza et al, 2012). Both parties that work together have an equal position based on their respective roles, so as to provide fair benefits for both parties. However, injustices are often found in the field. Most of the cooperation contracts that determine prices, bonuses, and production standards are determined and controlled unilaterally by the company.

There were several types of broiler partnership companies that operate in Riau Province, specifically Kampar Regency. Poultry companies with a foreign capital base include PT. Charoen Pokpand Indonesia, PT. Malindo and PT. Gold Coin. Aside from the foreign capital-based companies, there are also multinational companies such as PT. Japfa and PT. Sabas, and local partnership companies such as CV. Gunung Mas, Riau Feed Center and Prada Makmur Sejahtera. All of the plasma and independence broiler farmers in Kampar District reared around 17,313,332 broiler chicken in 2015 (BPS, 2016), the largest broiler population in Riau Province. Furthermore, the broiler population is dominated by broiler partnerships, both from foreign, national or local capital companies.

The assessment of partnership performance by companies against plasma farmers needs to be done, considering that in Kampar District there are many companies that open opportunities to partner with farmers. Therefore, efforts are needed to maintain the farmers' loyalty on the partnership program run by the company. One of the methods used to measure partnership performance is Importance Performance Analysis (IPA). The

Importance Performance Analysis (IPA) is an application analysis to evaluate the variables or attributes of importance and performance levels that are useful for developing more effective partnership program. The purposes of this study were 1). To understand the demographic of plasma farmers who are in the broiler partnerships in Kampar Regency, Riau Province. 2). To evaluate the broiler partnerships performances in Kampar District by using the Importance Performance Analysis (IPA), and 3). To analyse the performance attributes of broiler partnerships that need to be improved and that must be maintained for the future.

MATERIALS AND METHODS

Research Location and Time

This research was conducted in the administrative area of Kampar Regency, Riau Province in September - December 2018.

Materials

This study evaluates 45 selected plasma farmers as research subjects, consisted of 30 plasma farmers from foreign capital enterprise partnership (KMA), 10 plasma farmers from multinational enterprise partnership (KMN), and 5 plasma farmers from local enterprise partnerships (KLK). The criteria for selected farmers were plasma farmers who have been on the partner program for at least 1 rearing period and have a minimum population of 5,000 broilers. The farmers were also divided into types of partnership companies, namely foreign, multinational and local enterprise.

Methods

This research is a descriptive study by using survey research methods on plasma farmers who are in partnership program with poultry companies. The selection of the location and farmers was done by using purposive sampling in Kampar Regency, Riau Province noting that the location has the largest broiler population and easily accessible. The primary data was collected by survey through interviews with

questionnaire to the respondents. The obtained data were then compiled, analysed and described. The questions were related to the attributes of concern to plasma farmers, both on product and service attributes. The

questionnaire was made based on five dimensions of service quality, namely reliability, responsiveness, assurance, empathy, and tangibility. The questionnaire attributes can be seen in Table 1.

Table 1. List of Research Questionnaire Attributes

Periods	No	Attributes	Dimensions of Service Quality
Production Facility Services	1	Application of DOC contract prices	<i>Assurance</i>
	2	DOC quality	<i>Tangibility</i>
	3	Price of a feed contract	<i>Tangibility</i>
	4	Feed quality	<i>Tangibility</i>
	5	Prices of medicines and vaccines	<i>Tangibility</i>
	6	Quality of medicines and vaccines	<i>Tangibility</i>
	7	Delivery schedule for production facilities	<i>Assurance</i>
Farming Technical Services	8	Frequency of technical guidance	<i>Empathy</i>
	9	Services and guidance material	<i>Assurance</i>
	10	Application of production standards	<i>Assurance</i>
	11	Suitability of harvest time	<i>Reliability</i>
	12	Response to all complaints	<i>Responsiveness</i>
Post Harvest Services	13	Suitability of harvest prices	<i>Assurance</i>
	14	Bonus	<i>Reliability</i>
	15	Compensation	<i>Reliability</i>

Source: Kusumah (2008)

Observed Variables

The variables observed in this study were demographic depictions of plasma farmers in Kampar Regency, Riau Province. Another observed variable was the performance of broiler partnerships in Kampar District by using the Importance Performance Analysis (IPA) approach. Importance and Performance Analysis (IPA) is an application technique to measure variables or attributes of importance and

performance that is useful for developing effective marketing programs. This analysis uses the Likert scale 1-5. The Likert scale formula is as follows (Kusumah, 2008):

$$RS = \frac{ST - SR}{BS} - 0,01$$

RS = Scale Range
ST = Highest Scale
SR = Lowest Scale
BS = Many Scales

Table 2. Likert Scale Measurement of Importance and Performance

Score	Value	Answer Score	Level of Performance (X)	Level of importance (Y)
30,0 – 53,9	1,00 – 1,79	1	Very dissatisfied	Very unimportant
54,0 – 77,9	1,80 – 2,59	2	Not satisfied	Not important
78,0 – 101,9	2,60 – 3,39	3	Neutral	Neutral
102,0 – 125,9	3,40 – 4,19	4	Satisfied	Important
126,0 – 150	4,20 – 5,00	5	Very satisfied	Very important

Source: Kusumah (2008)

The suitability assessment criteria for each attribute can be seen in the standards set by Kusumah (2008) below. Evaluation criteria for each attribute:

- 0.81 - 1.00 (Very Good)
- 0.66 - 0.80 (Good)
- 0.51 - 0.65 (Pretty Good)
- 0.00 - 0.50 (Bad)

Another observed variable was the performance attributes of broiler partnerships. The purpose of this analysis was to find out which attributes need to be improved and maintained for the future. The

tool used for this analysis is the Cartesian diagram. The Cartesian diagram is a building of four sections bounded by two lines that intersect perpendicular to the points $(\bar{X}, \bar{Y})$ (Budianto, 2013).

Data Analysis

Data obtained from each observation variable were analysed by using Microsoft Excel to find the average value. While the Cartesian diagram analysis was done by using the SPSS 16 program. The results were further analysed by a descriptive analysis (Harsojuwono, et al 2011).

<p style="text-align: center;">Quadrant I <i>(Concentrate Here)</i></p> <p>Attributes in this quadrant are considered very important by customers but the service is not satisfactory so the company must improve the quality of its services.</p>	<p style="text-align: center;">Quadrant II <i>(Keep Up The Good Work)</i></p> <p>Attributes in this quadrant are considered very important by the customer and the service is very satisfying, so the company must maintain the quality of its services.</p>
<p style="text-align: center;">Quadrant III <i>(Low Priority)</i></p> <p>Attributes in this quadrant are considered unimportant by the customer and the service is less than satisfactory.</p>	<p style="text-align: center;">Quadrant IV <i>(Possible Overkill)</i></p> <p>Attributes in this quadrant are considered not important by the customer but the service is satisfying.</p>

Figure 1. Cartesian Diagram

RESULTS AND DISCUSSION

Demographic Characteristics of Plasma Farmers

Based on survey, the age of plasma farmers was from 22 years to 62 years old. This means that not all of the respondents in this study were in the productive age, with around 6.67% of the respondents were more than 55 years old. Total respondents included in the productive age group amounted to 93.32% (age range 22-55 years old). Moreover, nearly 45 observed respondents were male with a percentage of 86.67%, while the remaining 13.33% were women. This can be influenced by the tendency that men (husbands) play more of the breadwinner for the family. The women

who raise broilers were only to assist their husbands in finding additional income for their family needs.

The total of farmers who had high school education were 84.44% of the total respondents, covering the most educational background by the respondents. This data showed that to be a broiler breeder, farmers did not require a high education, as it is practical, can be learned through training and workshops. However, the level of education will affect how the farmers think.

The status of a broiler business in the livelihood of the breeder illustrates the importance of the business, whether as a main business or a side business. From observations, there were several farmers

who have other work outside of broiler farms, such as rice farmers, civil servants, BUMN employees and entrepreneurs. However, when the generated income from

their work was smaller than the broiler rearing, the farmers decide that the broiler rearing was their main business, and amounted to 93.33% of total respondents.

Table 3. Demographic Characteristics

Attributes	Farmer Respondents	
	Total	%
Age (years)		
22-35	28	62.22
36-55	14	31.11
>55	3	6.67
Sex		
Man	39	86.67
Woman	6	13.33
Level of education		
Elementary school	1	2.22
Senior high school	38	84.44
bachelor / diploma	6	13.33
Business status		
Side business	3	6.67
Main Business	42	93.33

Importance Performance Analysis (IPA)

Importance Performance Analysis was done by calculating the total score of service performance and the consumers interest, in this case plasma farmers who partnered with broiler companies.

Service Performance Score

The IPA begins by determining the level of appropriateness between the level of importance and the level of performance of the examined attributes quality through comparison between performance scores with importance scores. The service quality performance of broiler companies to partner farmers in the Kampar Regency region was very good. Average score of KMA performance: 94.57 (Very Good), KMN: 95.22 (Very Good) and KKK: 66.44 (Good). Nevertheless, there were still some service attributes, especially in KKK that were unsatisfactory, including: feed quality with a service score of 41.38 (bad) and provision of compensation with a service score of 34.48 (bad). It was because KKK is a new local partnership which only operates in Kampar Regency, so it was assumed that its services were still unstable and optimal.

Decision-making

The value of the decision-making score will be compared with the level of suitability, if the value of the level of suitability is smaller than the value of the decision-making score (the average value of the level of suitability) then the attribute needs to be improved (Action) and if the level of conformity is greater than the decision-making score (average value of the level of conformity) then these attributes need to be maintained (Hold).

Determination of Contract Prices and DOC Quality

The DOC contract price applied to KMA was good, so it needs to be maintained (Hold). This was assumed because the supply of DOC to KMA directly from its subsidiaries such as from PT. CPJF (Charoen Pokphand Jaya Farm) where the relationship with KMA is still in one group of companies. Another assumption can be interpreted that the price of DOC given to farmers can be at a more affordable price. Whereas in the KMN and KKK the DOC contract pricing was still considered to be unfavourable because it was still in action

(A) status. Higher contract prices than DOC prices on the market are assumed because DOC was not supplied by companies directly, but through many supply chain. DOC quality was still a problem for the three

broiler partnership companies that collaborate with plasma farmers in the Kampar Regency. There was an assumption that the DOC given to plasma farmers was grade quality 2 and 3.

Table 4. Score the suitability level of service quality performance attributes

Services		KMA		KMN		KLK	
Attributes	Score	Service quality	Score	Service quality	Score	Service quality	
Application of DOC contract prices	95,58	Very Good	94,87	Very Good	60,00	Good	
DOC quality	70,00	Good	87,50	Very Good	51,85	Pretty Good	
Price of a feed contract	87,50	Very Good	90,00	Very Good	66,67	Good	
Feed quality	85,83	Very Good	85,37	Very Good	41,38	Bad	
Prices of medicines and vaccines	95,61	Very Good	97,30	Very Good	91,30	Very Good	
Quality of medicines and vaccines	96,49	Very Good	94,59	Very Good	85,19	Very Good	
Delivery schedule for production facilities	104,50	Very Good	91,89	Very Good	88,00	Very Good	
Frequency of technical guidance	100,00	Very Good	97,37	Very Good	82,14	Very Good	
Services and guidance material	101,77	Very Good	100,00	Very Good	88,89	Very Good	
Application of production standards	95,45	Very Good	108,82	Very Good	75,00	Good	
Suitability of harvest time	95,12	Very Good	97,56	Very Good	65,38	Bad	
Response to all complaints	92,74	Very Good	90,24	Very Good	57,14	Bad	
Suitability of harvest prices	93,65	Very Good	95,24	Very Good	53,57	Bad	
Bonuses	102,59	Very Good	97,50	Very Good	55,56	Bad	
Compensation	101,68	Very Good	100,00	Very Good	34,48	Bad	

Note: Calculated from questionnaire

Table 5. Recapitulation of Decision Making

Attributes	Action / Hold		
	KMA	KMN	KLK
Application of DOC contract prices	H	A	A
DOC quality	A	A	A
Price of a feed contract	A	A	H
Feed quality	A	A	A
Prices of medicines and vaccines	H	H	H
Quality of medicines and vaccines	H	A	H
Delivery schedule for production facilities	H	A	H
Frequency of technical guidance	H	H	H
Services and guidance material	H	H	H
Application of production standards	H	H	H
Suitability of harvest time	H	H	A
Response to all complaints	A	A	A
Suitability of harvest prices	A	H	A
Bonus	H	H	A
Compensation	H	H	A

Note: Calculated from questionnaire

Determination of Contract Prices and DOC Quality

The DOC contract price applied to KMA was good, so it needs to be maintained (Hold). This was assumed because the supply of DOC to KMA directly from its subsidiaries such as from PT. CPJF (Charoen Pokphand Jaya Farm) where the relationship with KMA is still in one group of companies.

Another assumption can be interpreted that the price of DOC given to farmers can be at a more affordable price. Whereas in the KMN and KLK the DOC contract pricing was still considered to be unfavourable because it was still in action (A) status. Higher contract prices than DOC prices on the market are assumed because DOC was not supplied by companies directly, but through many supply chain.

DOC quality was still a problem for the three broiler partnership companies that collaborate with plasma farmers in the Kampar Regency. There was an assumption that the DOC given to plasma farmers was grade quality 2 and 3.

Contract Prices and Feed Quality

In contrast to DOC, the contract price and feed quality attributes for the observed partnership company were still problems

that need to be sought for solutions. Farmers were still complaining about the contract price and feed quality provided by the partnership company, complaining about the high price of the feed contract, the slow growth of the chickens due to poor feed. KMA and KMN farmers felt the feed provided was higher in price and of poor quality. While for KLK farmers felt the high price of the feed contract, but the quality was better.

Price and Quality of Medicines/Vaccines

The price attributes and quality of medicines / vaccines were generally considered to be good because of their hold or can be maintained by each of the partnership companies in the Kampar Regency. However, specifically on the quality of medicines and vaccines in KLK, it was still complained by farmers and requires improvement quality of medicines.

Delivery of Facilities and Infrastructure

Only KMN farmers complained about the quality of this attribute, while others were already good and needed to be maintained. Complaints made by KMN farmers were usually around the delay of the DOC and feed delivery schedule from the agreed plan and the absence of schedule change communication. In addition,

delivery of feed was often sudden, so farmers were sometimes not even ready to receive it.

Frequency, Service and Technical Guidance Materials

Animal farming technical guidance provided by the company to partner farmers is an important thing and is the key to the success of broiler partnership. Technical guidance was given by a PPL (Field Assistance Officer) who was appointed when the chickens were in. Guidance material provided in the form of feeding methods, medicines and vaccines until the chicken was ready to be harvested. In this service attribute, the three broiler partnership companies cooperating with farmers in Kampar Regency were already good and need to be maintained.

Application of Production Standards

The production standard is a limit that must be achieved by a farmer in farming broilers. The usual standards set by the company in the form of feed consumed, harvest weight, age of harvest and medicines. Although the production standards set by each partnership company are different, but data indicate that this attribute was Hold, it means that it was good and can be maintained.

Suitability of Harvest Time and Price

The harvest time suitability attribute for KMA and KMN can be maintained because it was considered good by plasma farmers, but for KLK it was still found differences in harvest time with the agreed contract. This can happen because of poor DOC quality, so that the harvest time was delayed.

While the suitability attribute of the harvest price, only in KMN where the farmers stated that they were in accordance with the harvest price with the agreed contract, while the KMA and KLK of the plasma farmer stated that it was not suitable and the harvest price needed to be improved. This was very important because it relates to the amount of income that will be obtained by partner farmers.

Response to All Complaints

In this observation, the partnership farmer still felt that all of his complaints had not been properly accommodated by the partnership company. All companies observed starting from KMA, KMN and KLK need to improve their services related to responses to farmers' complaints. The company's slow response when there were complaints from farmers was often conveyed.

Bonus and Compensation

The reliability dimension can be a source of motivation to be more productive and better. In the broiler partnership, bonuses and compensation such as performance index fees, elimination of harvest costs and security deposit deductions. Attributes of bonus and compensation in KMA and KMN were already felt appropriate and need to be maintained. While for KLK, farmers ask for improvements in terms of bonuses and compensation. This happens because it was assumed that KLK was a new and inexperienced company. To know the KMA and KMN who have decades of broiler business partnerships

Cartesian diagram

Cartesian diagrams have been used to see in detail the attributes that need to be improved and the attributes that must be maintained.

From the data in the table above, the partnership of foreign capital companies (KMA) must prioritize quality improvements, especially on improving the quality of DOC, updating feed contract prices and improving feed quality. While service attributes that were satisfactory and need to be maintained are suitability of harvest time, the response to all complaints, the suitability of harvest prices and compensation.

The main priority of the Multi-national Company Partnership (KMN) was the same as the KMA, improving the quality of DOC, updating feed contract prices and improving feed quality. While service

attributes that have been satisfying and need to be maintained are application of DOC contract prices, suitability of harvest time,

response to all complaints, suitability of harvest prices, bonus giving and compensation.

Table 6. Cartesian diagram

Partnerships	Cartesian diagram			
	Quadrant I (<i>Concentrate Here</i>)	Quadrant II (<i>Keep Up The Good Work</i>)	Quadrant III (<i>Low Priority</i>)	Quadrant IV (<i>Possible Overkill</i>)
Foreign Capital Partnership (KMA)	attribute 2	attribute 11	attribute 1	attribute 7
	attribute 3	attribute 12	attribute 5	attribute 8
	attribute 4	attribute 13	attribute 6	attribute 9
		attribute 15	attribute 10	attribute 14
The Multi -National Partnership (KMN)	attribute 2	attribute 1	attribute 5	attribute 8
	attribute 3	attribute 11	attribute 6	attribute 9
	attribute 4	attribute 12	attribute 7	attribute 10
		attribute 13		
		attribute 14		
Local Company Partnership (KLK)	attribute 2	attribute 6	attribute 1	attribute 5
	attribute 4	attribute 8	attribute 3	attribute 7
	attribute 12	attribute 9	attribute 11	attribute 10
	attribute 13			
	attribute 14			
	attribute 15			

The local company partnership (KLK) must focus on prioritizing quality improvements, especially improving DOC quality, improving feed quality, improving response to complaints, updating harvest price adjustments, adjusting bonuses and compensation. While the service attributes that have been satisfying and need to be maintained are the quality medicines and vaccines, the frequency of technical guidance, services and guidance material.

CONCLUSION

Based on the results that have been stated above, conclude that:

1. Demographics of plasma farmers who are in partnership with broiler companies in Kampar Regency were dominated by farmers aged at 22-35

years old, male, with senior high school or equivalent educational background, and had their broiler farms as their main business.

2. Service quality from Importance performance analysis explains that the average service performance of the foreign capital partnership (KMA) was 94.57 (very good), the multinational partnership (KMN) was 95.22 (very good) and the local company partnership (KLK) was 66.44 (good).
3. Service attributes that need to be maintained from foreign capital partnerships (KMA) were the suitability of harvest time, the response to all complaints, the suitability of harvest

prices and compensation. Service attributes that need to be maintained in a multi-national partnership (KMN) were the application of DOC contract prices, suitability of harvest time, response to all complaints, suitability of harvest prices, bonus giving and compensation. Whereas local company partnerships (KLK) need to maintain the quality attributes of medicines and vaccines, the frequency of technical guidance as well as service and guidance material.

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