

**Palm Oil Plantation Partnership's Performance
In Kuantan Singingi Region**

Indra Agus Lukman*, Munawar Ismail, Sasongko, Dwi Budi

ABSTRACT

The Inti - Plasma partnership program for managing oil palm plantations in Kuantan Singingi Regency is carried out in different forms for each company and has not yet realized the roles equality of stakeholders, especially between farmers / KUD and companies. At PT. CRS and PT. SAR farmers are involved in managing farming, but at PT. TBS farmers are not involved and do not know anything about farming management. Yields and prices of Fresh Fruit Bunch (FFB) are determined unilaterally by the company. Meanwhile, the government's role is still weak for doing supervision. Such conditions create asymmetrical information and the potential for earnings management practices to harm farmers / KUD, thus weakening partnership performance and impacting the farmers' welfare.

This study aims to analyze and evaluate the performance of the Inti - Plasma partnership management of oil palm plantations in Kuantan Singingi Regency. The focus of the research is on the field research through a quantitative description analysis approach using Structural Equation Model (SEM) with the help of AMOS 2 software. Observations were made on 5 (five) latent variables namely members participation, stakeholders role, and stakeholder character as exogenous variables, as well as KUD performance and farmer welfare as endogenous variables. The indicator for each latent variable is given based on the Likert scale (1 to 5) obtained from 258 respondents, consisting of companies, banks and farmers.

Based on the results of quantitative analysis showed that the model which is compiled based on theory is marginal fit, but all indicators are able to reflect the latent variables. The members participation and the role of stakeholders proved to have a significant effect on KUD performance. Thus, the performance of KUD was very

Vol. 27, No. 2 August 2019

**© Centre for Indonesian Accounting and Management Research
Postgraduate Program, Brawijaya University**

significant and had a direct effect on the farmers' welfare. Therefore, in order to improve farmers' welfare, efforts must be made to improve the performance of KUD, especially by increasing the role of farmers and KUD as stakeholders, as well as increasing farmer participation in KUD and in farming management.

Kata Kunci : *Inti-Plasma partnership, asymmetrical information, KUD performance, farmers' welfare, SEM*

1. INTRODUCTION

Palm oil is one of the leading commodities in Kuantan Singingi Region and has the potential to prosper the community through the development of community-owned palm oil plantations. Based on data from Agriculture Department of Kuantan Singingi Region in 2015, the area of palm oil plantations belong to the community through self-own and partnership scheme amounted to 120,578.32 hectares, with production of 325,379.94 tons-FFB (Fresh Fruit Bunch)/ hectare/year. Furthermore, in this region there were 18 units of Palm Oil Mill with a total production capacity of 720 Ton per hour FFB.

The business of palm oil plantations requires considerable amount of investment in land clearing and structuring, costs for purchasing seeds and fertilizers, as well as costs for farm maintenance, harvesting and transportation costs. Then it also requires knowledge about palm oil plantations technology as well as marketing sites, namely palm oil mills. Meanwhile, the growing period of palm oil plants is around 4 or 5 years which means that during growing period, the plantation business did not produced Fresh Fruit Bunch.

The investment needs and knowledge about plantation science and technology are a limitation for the farming community to initiate and develop their own farming. Therefore, government involvement is required in order to help development of palm oil plantations which belong to farming community.

To make the participation of farmers or small businesses in the context of the farmers' welfare in the agricultural or plantation sectors with the concept of agribusiness happen, the government has issued regulations through the stipulation of laws Number 9 of 1995 about Small Business and then followed by Government Regulation Number 44 of 1997 about Partnership. The regulation aims to address the problems of limited capital, knowledge and technology for small-holders, improving product quality and marketing issues (Ninuk Purna-ningsih, 2007).

Furthermore, it was also emphasized in Article 30 Government Regulation Number 44 of 1997, that in palm oil partnerships, large businesses and/or medium-sized businesses as the core businesses are obliged to foster and develop small businesses as their partner in: (a) land acquisition and preparation; (b) provision of production facilities; (c) providing technical guidance for business management and production; (d)

acquisition, mastery and improvement of the required technology; (e) financing; (f) and the provision of other assistance to improve business efficiency and productivity.

As a consequence, the government as the regulator, has the obligation to carry out guidance and supervision in order to implement the laws and regulations. As explained in Article 15 paragraph (7) Regulation of the Minister of Agriculture Number 98 / Permentan /OT.140/9/ 2013 about Plantation Business Licensing Guidelines stated that Governors, Mayors and plantation companies provide guidance to the community as intended in paragraph (4) for the application of good cultivation, harvesting and post-harvesting handling. This means that both the regional government and the companies have an obligation to provide guidance for the community or farmers in the partnership scheme of palm oil plantations. Then explained in Article 44 of the Regulation, that guidance and supervision of the plantation business licensing implementation is carried out by the Director General, Governor, Mayor according to their authority

The agribusiness partnership in Indonesia has implemented as 5 (five) forms of partnership scheme, namely the PIR (Nucleus Plantation) scheme, KKPA scheme (Primary Cooperative Credit for Members), Sub-contract scheme, General Trade Partnership scheme and Agency Partnership scheme. There are 3 (three) implemented models in the inti-plasma partnership of palm oil plantations, those are : (1) Inti-Plasma model that is managed by cooperatives, (2) Inti-Plasma model that is managed by companies and (3) Inti-Plasma models that is managed by individual farmers (Suharno, et al, 2015).

According to Hafsah (2003) the concrete objectives to be achieved in the implementation of partnerships are: (1) to improve small businesses and communities; (2) to increase the added value for businessmen; (3) increasing equity and empowering communities and small businesses; (4) increasing the growth of the rural, regional and national economy (5) broadening employment.

The success of the partnership scheme depends on its application. Sunarko (2009) stated that the key of these partnerships is a process that requires increasing the intense relationship between companies and farmers based on trust that is real and measurable. The partnership must have a mutually satisfying commitment from both parties and foster mutual dependence. Bench-marks of the partnerships success can be seen from the

mechanism, rights and obligations as well as the effectiveness of cooperation carried out from both sides (I Made Ganal, 2017).

However, the partnership relation between companies and farmers/village unit cooperative has a chance to create a information asymetry, because there is a lack of control over information about farming management. According to I Gede Putu Sendhi Andika and I Made Sukartha (2015), that infomation asymmetric has a positive influence in the context of earnings management practices.

To implement mandate of Government Regulation number 44 of 1997 about partnerships, the partnership schemes between companies and farmers through cooperatives in the palm oil plantation business has been conducted in Kuantan Singingi Region. But the implementation is in a different scheme for each other. In the partnership scheme of PT. TBS with Village Unit Cooperative Prima Sehati, farmers/ Village Unit Cooperative are not involved and do not know anything about farming management, deter-mination of harvest and pricing of FFB. Farmers only receive their harvest shares determined by the companies after deducting debt installments.

Meanwhile at PT. CRS and PT. SAR part-nership, Farmers are involved in farming mana-gement, but the determination of harvest share and determination of FFB prices is done un-ilaterally by the company. The difference in the application of the partnership scheme between PT. CRS and PT. SAR is at PT. SAF partnership is conducted with 1 (one) cooperative (KUD) in each village, while at PT. CRS partnership is conducted with 1 (one) cooperative (KUD) for several villages in 1 (one) subdistrict, namely with KUD Langgeng.

Basically, the concept of partnership is a concept of cooperation that must have equal role between both parties who are partners, so it is hoped an active participation from the parties to achieve the common goals. Pranaji (2003) in Elisa Wildayana (2012) mentioned that participation is the contribution of someone or a group to increase the potential of an organization. Someone or a group of people in order to provide facilities and equipments requires capital and cooperation networks among communities which is mutual networking benefit.

Participation of members in cooperatives means members of the cooperative are getting involved in operational activities and in achieving common goals. The level of

member participation in a cooperative can be seen from participation in the organization, participation in investment and participation in business. Participation of members in the organization is assessed in their presence at Annual Member Meetings (RAT) and sharing their thoughts and advice for administrators and management of cooperatives. The level of participation in investment is based on their compliance to pay mandatory savings and voluntary deposits. Meanwhile, the participation of members in the business is measured based on the compliance of farmers to sell their harvest product to the cooperatives and purchasing goods provided by the cooperatives. Usually KUD could provide agribusiness or non-agribusiness goods needed by farmers such as fertilizers and medicines (Elisa Widayana et al, 2012).

Sri Wahyuni (2014) stated that the lack of community participation in the partnership scheme is caused by internal and external factors. Internal factors are related to the problem of age, employment, income and residence. Then external factors are the lack of information received by the community, requirements that are difficult to be fulfilled and unclear procedures.

The extent of farmer participation in the partnership scheme and cooperation certainly depends on the role given, both concerning rights and obligations. Roles or rights and obligations of the farmers or cooperatives in the partnership scheme are set on the legal agreement witnessed by the notary.

2. RESEARCH METHODOLOGY

The focus of this research is on the field data through a qualitative description analysis approach which is explain latent variables observed. Latent variables divided into exogenous variables consisting of member participation, partnerships the role of stakeholders, character of stakeholders and the influence of these variables on cooperatives performances and farmer welfare as an endogenous variable. The data used in this study are primary and secondary data. Primary data was collected through observations, interviews from the government, the community and the companies, while secondary data was collected from research and review of government documents (Plantation and agriculture agency), books, scientific writings and relevant regulations and laws.

Evaluation of latent variables was conducted based on literature review through related and relevant research results, books and laws and regulations and supported by field observation results and interviews with the informants.

Quantitative analysis was carried out using the Structural Equation Model (SEM) through AMOS 2.1 software. Study is about researching relationship and influence of exogenous variables towards endogenous variables. The indicators for each latent variant are rated based on the Likert scale (1 to 5) which is obtained through a sample of cooperative members as many as 258 res-pondents using the proportional random sampling method of the three plantation companies, namely PT. TBS, PT. CRS and PT. SAR.

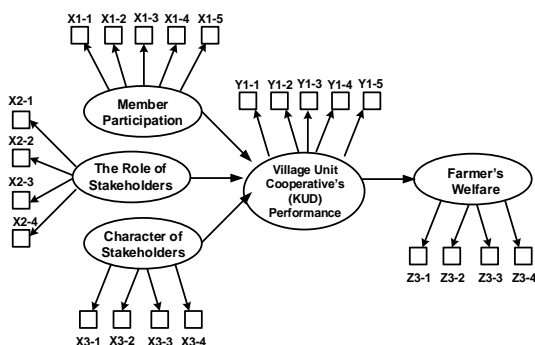


Figure1. The Research model and its indicators.

The relationship model of exogenous variables towards endogenous variables is arranged like Figure-1 and each variable has the following indicators:

1. Member Participation:

- X1-1: Attending Annual Member Meeting
- X1-2: Give criticism and suggestions
- X1-3: Fulfil obligations
- X1-4: Obedience to rules
- X1-5: Sacrifice

2. The role of stakeholders:

- X2-1: Role of plantation companies
- X2-2: The role of banks
- X2-3: Role of Cooperatives (KUD)

Vol. 27, No. 2 August 2019

*© Centre for Indonesian Accounting and Management Research
Postgraduate Program, Brawijaya University*

X2-4: Role of farmers

3. Character of stakeholders:

X3-1: Farmer character

X3-2: Company character

X3-3: Character of Cooperative (KUD)

Management

X3-4: Character of community leaders

4. KUD Performance:

Y1-1: Productivity

Y1-2: Quality of service (member service)

Y1-3: Responsiveness (recognizing needs)

Y1-4: Responsibility (responsibility)

Y1-5: Accountability (principle obedience)

3. RESULTS AND DISCUSSIONS

The assessment of the palm oil plantations' performance partnership scheme in Kuantan Singingi Region was carried out through observations of latent variables which are member participation, the role of stakeholders, character of stakeholders, KUD performance and farmer welfare. The five variables were analyzed through a qualitative and quantitative description approach.

3.1. Qualitative Description Analysis

The analysis and observation of the variables observed is based on literature review such as research papers, reference books and related and relevant laws and regulations.

3.1.1. Member participation toward KUD performance.

According to Bintoro Tjokroamidjoyo (in Susanto, 2007: 15) that participation in the development process is: (1) involvement in determining direction, strategy and policy; (2) involvement in carrying the burden and responsibility; (3) involvement in achieving results.

Regarding about member participation in palm oil plantation partnerships in Kuantan Singingi is very low or almost passive. Farmers are not involved and do not know anything about farming management. Farmers only receive har-vesting share through their KUD. Furthermore, farmers are also not getting invoveld in determi-nation of the direction, strategies and policies in farming management, such as determining harvest share and pricing.

The implementation of such partnership scheme causing in the loss of opportunities for farmers in terms of: (1) getting additional income if they involved in work; (2) obtaining knowledge and technology on farming management; (3) No bargaining position in determining harvest share and prices of FFB; (4) lack of workload and responsibility in managing the plantations.

The low participation of farmers in farming management will have an impact on farmers' income due to their only income is the harvesting share handed over by companies. So, that it will affect to their annual remaining profit share and their ability to pay mandatory savings in their cooperatives. This condition will also have an impact on the lack of awareness of farmers about their partnership and cooperatives. As a result of the lack of care and participation of farmers as cooperative members, it will also have an impact on the lack of awareness in participating in their annual member meeting, providing criticism and suggestions, thus influencing the performance of cooperatives and ultimately impacting the welfare of farmers.

In line with the results of Elisa Widayana's research (2013), the participation of farmers as KUD members in organization, business and capital was in the high criteria with a score of 92.6 and there was a positive and significant relationship between the level of member participation in cooperatives and farmers income. Therefore, in order to increase farmers partici-pation in KUD performances, it is necessary to have equal authority and role of farmers in a partnership pattern which is regulated in writing agreement under government control and notary.

3.1.2. Stakeholders' roles toward KUD performance.

The mechanism of the partnership scheme between PT. TBS. PT. CRS and PT. SAR with the farmers/KUD in Kuantan Singingi Region is applied in different partnership scheme for each company. The role or authority of the farmers/ KUD in the

partnership scheme is not balanced or not as equal as company role, meaning that there has been asymmetric information that has a positive effect on earnings management. Positive effect like the efforts to make company profit, both in the form of hidden knowledge and hidden actions. Farmers are not involved in farming management (KKPA PT.TBS pattern), har-vesting, FFB prices and debt deductions are determined unilaterally by the company. Farmers only receive the harvest share given by the company. The lack of information received by farmers about plantation business decrease farmers' trust in the partnership scheme. Then, there is no guidance made by companies for the farmers is clearly not in accordance with article-30 Government Regulation number 44 of 1997 about Partnerships. As a result, it has an impact on the low performance of KUD and eventually will affects on the welfare of farmers. Based on the these conditions above, the main causes can be seen as:

- a. Lack of supervision from the regional govern-ment as stipulated in Article 30 of Govern-ment Regulation Number 17 of 2013. Lack of supervision both in the implementation of partnerships and in evaluating the contents of agreement between companies and farmers. This condition is in line with the results of research by Rudianto Salmon Sinaga (2011) where in the making the agreement acts, the notary should also pay attention to law and regulations related to the scheme of partner-ship, or before the signing of the agreement occur it should be evaluated by the regional government. Therefore, there will be equal and balance role and authority between farmers and company which it is in accordance with Government Regulation Number 44 of 1997.
- b. Weak supervision and guidance of local government in the implementation of partner-ship scheme and the absence of regional regulations that regulate the mechanism of partnership scheme, causing the implementa-tion is going to be different for each company or its implementation only in accordance with the willingness of the company.
- c. Supervision of the partnership implementation and content evaluation of agreements between the company and the farmers by the government and notary public can increase the equality of the role of farmers in farming management. Then, the company provide production technical guidance and farming management for the farmers (Rudianto Salmon Sinaga, 2011) through a partnership model managed by the cooperative, so it is will increasing the productivity and farmers income (Suharno, 2015).

3.1.3 Character of stakeholders toward KUD performance

The low role and authority of the farmers can be seen where farmers only receive the harvest share delivered by the company but do not know about farming business process. Such conditions result in a feeling of lack of ownership, a lack of responsibility and distrust for the business of farming management business which is run by the company. This has triggered the emergence of deviant behavior (moral hazards) from the farmers.

Such conditions have been proven as stated by the manager of PT. SAR, that "the KUD sometimes considers the results obtained by its members are decreasing as a result of declining harvest amount, therefore they take actions to reduce fertilization and they divert into yield share of cooperative members. This condition makes the garden poorly maintained and production will decreasing". Likewise for companies, because it has a large role and authority, it also has the potential to carry out deviant behavior which is a hidden action in the form of earnings management practices, at least such a suspicion of farmers to the company.

From the information above it is clear that deviant behavior results in decreasing productions and farmers' income. Thus, that it will reduce the ability of farmers to pay compulsory savings, especially voluntary savings, and ultimately affect the performance of KUD.

3.1.4. KUD performance toward farmers welfare

Based on the Joint Decree of the Minister of Agriculture and the Minister of Cooperatives and PPK Number 73 / Kpts / KB.510 / 2/1998 and Number 01 / SKB / M / -11 / 98, that Village Unit Cooperatives (KUD) in the palm oil partnership patterns have the duties and responsibilities of coordinating maintenance, harvesting, transportation of harvest raw to the location of palm oil mills, providing the needs of farmers, administering the sales of farmers' crops, administering all financial transactions between smallholdings and the bank periodically. In addition the cooperative also has the task of fostering a source of funds to increase the capital of the KUD, helping farmers to obtain

bank credit or installments to develop their business and prepare themselves for the purchase of company shares. The duties and responsibilities of KUD in the partnership scheme are related to the business volume of KUD where is this a tool for KUD performance measurements. The low participation of farmers and cooperatives in the partnerships will certainly affects to their business volume and ultimately affect to their annual remaining profit share, which has an impact on KUD performance.

In addition, the performance of the KUD is also determined by the awareness of participating farmers on the progress of the KUD. Active farmers as cooperative member can be seen if the farmers is attending annual members meeting and compliance in paying mandatory savings and voluntary savings. This can be happen if the farmer has a substantial income. A large income can be obtained if the farmer has a large role in farming management, and has a large land concession in the partnership scheme.

The welfare of farmers can be measured by farmers' income through the KUD business. The high income of farmers depends on the extent of the involvement of farmers in managing the farming or how much the volume of business is. The high income of farmers will encourage far-mers' compliance in paying mandatory savings and enlarge voluntary savings, so that the per-formance of KUD can develop in improving the welfare of farmers.

Farmers income can be increased by increasing farmers involvement through the participation of farmers in farming management, starting from land clearing and structuring, seeding, fertilization and maintenance, harvesting and transportation of harvest product. Besides that the farmers' income can also be increased through the acquisition of a wider area of land from the government and through higher selling prices of FFB. In comparison, according to Kardiman (2011), palm oil farmers in Malaysia are more prosperous than farmers in Indonesia. The difference can be seen from the amount of land that the Malaysian government has surrendered to its farmers through a partnership pattern of 4.5 hectares and the selling price of FFB at 90% of the Crude Palm Oil (CPO) price. Meanwhile, farmers in Indonesia only get 2 hectares of land with a FFB price of 83% from the price of CPO.

3.2. Research Results

The relationship between exogenous variables (the role of stakeholders, member participation, and character of stakeholders) and endogenous variables (KUD performance and farmers' welfare) is described in a model arranged based on theoretical analysis, and the relationship is tested using structural equation modelling analysis (Structural Equation Modeling) with the help of AMOS software version 2.1. Each variable indicator is made a score with the Likert scale (1 to 5) obtained based on the questionnaire. Then the results data from AMOS software are evaluated to find out the extent of the suitability of the model and the significance of the latent variables on the indicators and other latent variables. To find out this, the data was evaluated through a constructed validity test and a Goodness of Fit test.

1. The Goodness of Fit Test

The Goodness of Fit Test aims to determine whether the model which is made based on observation data is in line with the theoretical model or not. To test the model, it requires a fit index. The model is said to be feasible if it meets one of the proposed criteria (more criteria are met, the results will be better). These criteria use the model accuracy index, namely as follows:

- a. Value of Chi Square: Good model has small Chi-Square value with probability $(p) \geq 0.05$.
- b. Goodness of Fit Index (GFI): a good model if the GFI value is ≥ 0.9
- c. Root Mean Square Error of Approximation (RMSEA): A good model if the value of RMSEA is ≤ 0.08 .
- d. Adjusted Goodness of Fit Index (AGFI): A good model if the AGFI value is ≥ 0.08 .
- e. Root Mean Square Residual (RMR): A good model if the value is RMR 0.05.

The Fit model of relations between variables in this research is obtained from the results of AMOS 2.1 software such as figure-2:

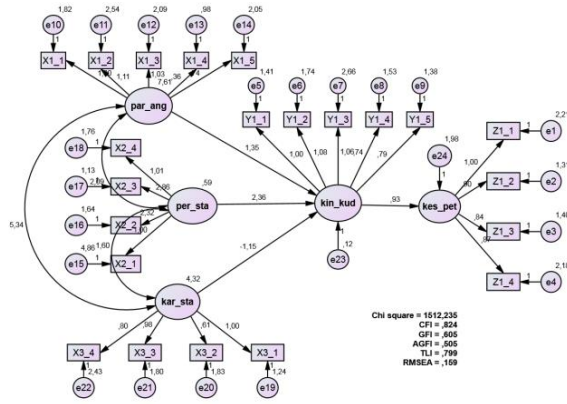


Figure2. Fit model among farmers’ welfare, KUD performances, member participation, partnership scheme and deviant behaviours.

Tabel-1. Goodness of fit table test.

Goodness of Fit	Cut of Value	Hasil	Keterangan
Chi-Square	< Chi-Sq 5%	1512.23	Model Marginal Fit
Probability	> 0.05	0.000	Model Marginal Fit
Goodness of Fit Index (GFI)	< 0.08	0.605	Model Marginal Fit
Root Mean Square error of	< 0.08	0.159	Model Kurang Fit

Approximation (RMSEA)			
Comparative Fit Index (CFI)	> 0.90	0.824	Model Fit
Adjusted Goodness of Fit Index (AGFI)			
Adjusted Goodness of Fit Index (AGFI)	> 0.90	0.505	Model Fit

Based on the test results given in Table-1, that the model developed based on the theory of marginal fit.

2. Construct Validity Test

The construct validity test aims to determine whether the indicator is able or not to reflect its latent variables. The value criterion uses a Critical Ratio (CR) of a magnitude of 1.96 and a error probability (p) less than 0.05.

Table-2. Construct validity test result (indicator) of member participation

Latent Variables	Estimate	SE	CR	p
X1_1 <-- - Par-ang	1,000	-	-	-
X1_2 <--- Par_ang	1,111	0.050	22.248	***
X1_3 <--- Par_ang	1,027	0.046	22.481	***
X1_4 <--- Par_ang	0,361	0.025	14.329	***

Par_ang				
X1_5 <--- Par_ang	0,738	0.040	14.551	***
e10	1.824	0.177	10.266	***
e11	2.541	0.243	10.448	***
e12	2.088	0.201	10.401	***
e13	0.982	0.088	11.145	***
e14	2.052	0.188	10.914	***

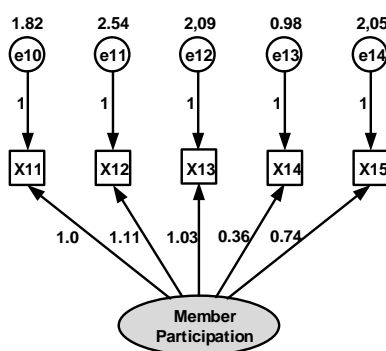


Figure 3. Member participation’s flow diagram

Based on the SEM results through AMOS software as given in table-2, that all latent variable indicators have a CR value above 1.5 and an error probability value below 0.001 (= ***, very significant). This means that the results meet the criteria, so it can be concluded that the construction indicators of all latent variables on the model are good or all indicators are able to reflect the latent variables.

3. Evaluate the Effect of Latent Variables

Based on regression weights and the effects of latent variables as shown in Table-3 and Table-4, it can be concluded that:

1. Member participation has a significant effect on KUD performance ($p = 0.007 < 0.05$) and has a direct effect of 0.542.
2. The role of stakeholders has a significant effect on KUD performance ($p = 0.002 < 0.05$) and give direct effects of 0.678.

3. Character of stakeholders have no effect on KUD performance ($p = 0.810 > 0.05$) and do not have a direct effect.
4. KUD performance has a very significant effect on farmer welfare ($p = *** < 0.05$) and has a direct effect on farmer welfare as much as 0,931

Table-3. Regression weight of latent variables.

Latent Variables	Estimate	SE	CR	p
Kin_kud<-- Par-ang	1.345	0,442	3.041	0,002
Kin_kud<-- Per_sta	2.362	2.932	8.060	0,042
Kin_kud<-- Kar_sta	-1.148	0.611	-1.878	0,060
Kes_pet <-- Kin_kud	0.931	0.043	21.449	***

Table 4. Effects of latent variables.

Latent Variables	Direct Effect	Indirect Effect	Total Effect
Kin_kud <---- Par-ang	1.345	0.000	1.345
Kin_kud <---- Per_sta	2.362	0.000	2.362
Kin_kud <---- Kar_sta	-1.148	0.000	-1.148
Kes_pet <---- Kin_kud	0.931	0.000	0.931

Based on the three results of the tests, it can be concluded that the model developed is marginal fit of field data, where all indicators are able to reflect latent variables, and member participation and partnership patterns have a significant effect on KUD performance, and KUD performance is very strong and has a direct effect on the welfare of farmers.

4. CONCLUSIONS

There are some points can be concluded from this study, which are:

1. The application of Inti-Plasma partnership on palm oil plantations in Kuantan Singingi Region has not been implemented uniformly, each company applies a different pattern, there is no equal role between farmers / KUD and companies, and also the application of these partnership are not in-line with Government Regulation Number 44 of 1997 about Partnership
2. The role of stake holders in the Inti-Plasma development and management of oil palm plantations in Kuantan Singingi Regency, namely between farmers/KUD and companies has not actualize role equality that results in asymmetric information and potentially causing earnings practice management which harms farmers/KUD. This condition has an impact on the low participation of farmers in the farming management as well as in the KUD, decreasing income of farmers and the occurrence of moral hazards, which influences the performance of the KUD and farmers' welfare.
3. Farmers' welfare in the Inti – Plasma partnership of oil palm plantations is determined by KUD Performance, while KUD performance is influenced by factors: (a) Role of stakeholders, (b) Member participation/ farmers in managing gardens and KUD, and (c) stake-holder character.
4. Models analyzed based on theory have 5 (five) latent variables which indicate the existence relationship or influence amongs variables, namely the role of the stakeholders, members participation, stakeholder's character (as exogenous variables) toward KUD performance, and farmer's welfare (as endogenous variables). Based on the analysis of Structural Equation Model assisted by AMOS software, the results of the model goodness of fit test, the results of the construct validation test and the evaluation of the latent variables effect indicate that the proposed model is marginal

fit, but all indicators are able to reflect latent variables. The member participation and the role of stakeholders proved to have a significant effect on the performance of the KUD, and the performance of the KUD was very significant and had a direct effect on the welfare of the farmers.

5. SUGESSTIONS

Based on the results of the analysis and conclusions in this study, in order to create uniform application of Inti-Plasma partnership on palm oil plantations in Kuantan Singingi with the purpose to increase farmer's welfare, it is suggested to focus on efforts to improve KUD performance through improvement of stakeholders' roles and member participation with the objective is to improve the welfare of farmers, such as:

1. In order to achieve uniformity in the implementation and role equality in the Inti-Plasma partnership of oil palm plantations, it can be done as follows:
 - a. In the partnership agreement, the notary should pay attention to the interests of the both parties who involved in partnership by referring to the rules and legislation related Inti-Plasma oil palm plantations partnership scheme, and then evaluated and approved by the Regional Government.
 - b. The Regional Government makes effective monitoring of the Inti-Plasma partnership implementation, whether it has been implemented in accordance with the agreement deed.
2. Increase farmers participation for improving KUD performances in order to escalate farmers' welfare through the following efforts:
 - a. Involving farmers optimally in the farming management by employing farmers and providing wages through land clearing activities, nursery, planting, fertilization, maintenance and harvesting, under supervision and company technical guidance.
 - b. Providing delivering job of harvest product for KUD, so that the KUD can control the harvesting and can increase the income and remaining profit share (SHU) of the KUD, and also involving KUD in harvest price determination with companies and local governments.

- c. To improve the farmers' welfare, it can also be done by expanding the land that is given to farmers (so far only 2 hectares, while in Malaysia farmers get 4.5 hectares), and also fixing the price of crops or prices of FFB by not only considering CPO prices, but also by considering other benefits obtained by companies economically such as from the sale of shells and the use of palm oil waste as free fuel in CPO processing. Hopefully the price of FFB obtained by farmers will be higher. So far, the price of FFB received by farmers in Indonesia is only 83% of the price of CPO, while in Malaysia it is 90% of the price of CPO (Kardiman, 2011).

BIBLIOGRPAHY

- Eaton, C. and Shepherd, A. 2001. *Contract Farming: Partnerships for Growth*,. FAO Agri-cultural Services Bulletin 145, Rome
- Elisa Widiyana, 2012, *Partisipasi Petani Plasma Pola Kemitraan PIR-Trans Kelapa Sawit di Sumatera Selatan*, Skripsi Prodi Agri-bisnis Fak. Pertanian Univ.Sriwijaya, 2012
- Erfit, 2012, *Analisis Kesetaraan Dalam Kemitra-an Pada Agribisnis Hortikultura*, Jurnal Embrio (5) (2) (132-143), 2012
- Hafsah, Muhammad Jafar. 2000. *Kemitraan Usaha*. Pustaka Sinar Harapan. Jakarta.
- Hariadi, Rajab, 2006, *Analisis Kinerja KUD di Wilayah Kabupaten Banyumas*, Jurnal Performance Vol.4 No.1, September 2006
- Ian Patrick, *Contract farming in Indonesia: Smallholders and agribusiness working together*, Australian Centre for International Agricultural Research Canberra, 2004
- I Gede Putu Sendhi Andika dan I Made Sukartha, Pengaruh Asimetri Informasi dan Kepemilikan Manajerial pada Praktek Manajemen Laba, e-Jurnal Akuntansi, Universitas Uda-yana, Vol. 13, 3 Desember 2015.
- Kardiman, 2011, *Analisis Struktur, Prilaku dan Kinerja Industri Kelapa Sawit di Malaysia dan Implifikasinya Bagi Pengembangan Industri Kelapa Sawit Indonesia*, Disertasi Sekolah Pascasarjana IPB, 2011
- Moleong, Lexy, 2005, *Metodologi Penelitian kuantitatif*, Edisi Revisi. Bandung: PT Remaja Rosdakarya
- Ninuk Purnaningsih, 2007, *Strategi Kemitraan Agribisnis Berkelanjutan*, Jurnal Transdisiplin Sosiologi, Komunikasi dan Ekologi Manusia, Desember 2007
- Nurul Eka Mayasari, 2013, *Analisis Pengukuran Kinerja Koperasi (Studi Kasus Pada Koperasi Pegawai Republik Indonesia di Kabupaten Blora*, Skrip Fak. Ekonomi Univ. Negeri Semarang, 2013
- Peraturan Pemerintah Nomor 44 Tahun 1997 tentang Kemitraan
- Rudianto Salmon Sinaga, 2011, *Masalah Hukum Dalam Menghadapi Perjanjian Kemitraan Inti Plasma Perkebunan Kelapa Sawit (Studi Kasus PT. SHM dan Kop.PGH) dan Tindakan Notaris Dalam Menghadapi Perjanjian Kemitraan Inti-*

Plasma Dalam Perkebunan Kelapa Sawit, Fakultas Hukum Universitas Indonesia, Juli 2011

Sarwono, Jonathan, 2006, *Analisis Data Penelitian Menggunakan SPSS 17*, Yogyakarta: Penerbit Andi

Sri Wahyuni, 2014, *Analisis Partisipasi Masyarakat Dalam Memanfaatkan Program Kemitraan dan Bina Lingkungan PTPN.V Sei. Pagar Kec. Kampar Kiri Hilir Kab. Kampar*, UIN Sultan Syarif Kasim, 2014

Suharno, 2015, *Analisis Kinerja Usaha Tani Perkebunan Kelapa Sawit Rakyat melalui Pola Kemitraan di Prop.Kalimantan Tengah*, *Jurnal Agribisnis Indonesia* Vol.3 No.2, Des 2015

Sunarko, 2009. *Budi Daya Dan Pengelolaan Kebun Kelapa sawit dengan sistem Kemitraan*. Cetakan Pertama.Jakarta: Agromedia Pustaka.

Syahza, Almasdi, *Kelapa Sawit, Dampaknya Terhadap Percepatan Pembangunan Ekonomi Pedesaan di Daerah Riau*, Universitas Bung Hatta, Padang, 2002

Syarah Naifuli, 2013, *Analisis Kemitraan Petani Plasma Kelapa Sawit pada PT. Cahaya Anugrah Plantation di Desa Puan Cepak Kec. Muara Kaman Kab. Kutai Kartanegara*, Skripsi Fak. Pertanian Univ. Mulawarman, 2013

Ulpah Jakiyah, 2011, *Analisis Partisipasi Anggota dan Kinerja KUD Sumber Alam*, Skripsi Departemen Agribisnis Fak. Ekonomi IPB, 2011

Undang-undang Republik Indonesia No.9 tahun 1995 tentang Usaha Kecil.

*Mahasiswa Program Doktor Ilmu Ekonomi, Program Pascasarjana - Universitas Brawijaya, Malang

Keywords: Transformational Leadership, Information Technology, Organizational Learning, Employee Job Satisfaction

