

ANALYSIS OF SHEEP FARMER SUPPLY CHAIN INTEGRATION LANGKAT REGENCY

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ABSTRACT

Generally, sheep breeders in Langkat Regency are not strong and independent enough, so they cannot enter and form markets. It is due to the differences in the goals and desires of each member related to applied organizational culture. Good human resource strategy planning can improve the performance of sheep breeders in the highland sheep supply chain in finding effective and efficient business development solutions. This study aimed to analyze the supply chain integration of sheep breeders in Langkat Regency. The method used in this study is direct interviews with farmers using a questionnaire. The results of this study indicate that farmers do not always carry out supply chain integration, including internal integration, customer integration, and supplier integration. Breeders have customers consisting of the community and collectors where the products will be distributed to traders in the traditional big market of Stabat and exporting companies. Farmers have suppliers who provide livestock facilities and infrastructure, so a stable relationship exists between farmers and suppliers.

Keywords: Customer Integration, Sheep Breeders, Supplier Integration, Supply Chain

INTRODUCTION

Indonesia is an agricultural country because many Indonesians have a source of livelihood from activities in the livestock sector. One of the commodities that can be developed in agricultural/livestock commodities is sheep farming. Langkat Regency is one area with a relatively large area of sheep farming. The area in Langkat Regency can use for sheep farming. This potential has made Langkat Regency targeted to become an icon in the field of sheep farming in Indonesia.

Generally, sheep breeders in Langkat Regency are not strong and independent enough, so they cannot enter and form markets. It is due to differences in the goals and desires of each member related to the applied organizational culture. Good human resource strategy planning can improve the performance of sheep breeders in the highland sheep supply chain in finding effective and efficient business development solutions.

Good supply chain integration is done to create an optimal performance so that organizational goals. This research was conducted to find out how organizational culture and supply chain integration affect the performance of sheep breeders. It is expected to provide an idea in the form of managerial implications.

LITERATURE REVIEW

Agribusiness is another way of looking at agriculture/livestock as a business system consisting of several interrelated subsystems. In agribusiness, agribusiness is a system, and agribusiness is a business (company). Besides, there are known principles in developing agribusiness of a commodity, as proposed by (Sudaryanto and Hadi, 1993; Hadi et al., 1994 Saptana et al., 2003).

Production is the process of converting inputs into outputs so that the value of these goods increases. Inputs consist of goods or services used in production, and outputs are goods

and services produced in a production process (Adiningsih, 1995). Production is a process that creates or adds new use value or benefits. Use or benefit implies the ability of goods or services to meet human needs. So production includes all activities to create goods and services.

Following the definition of production above, livestock production can be regarded as an effort to maintain and grow livestock commodities to meet human needs. In the agricultural/animal husbandry production process, there is an understanding that the use and benefits of an item can be enlarged by creating a form, namely by growing seeds to size and maintenance.

METHODS

This type of research is descriptive quantitative research, namely, researchers who describe the condition of variables obtained by sheep farming business actors. The scope of this research is in Langkat Regency, North Sumatra Province. The method used in this study is direct interviews with farmers using a questionnaire made in advance. The research location was purposively (deliberately) considering that it is one of the areas with great potential in developing the sheep farming business.

The influence of organizational culture and supply chain integration on the performance of sheep farmers in Langkat Regency was analyzed using the Structural Equation Modeling (SEM) application with the Smart Partial Least Square 2.0 approach. Analysis of respondent data through Validity Test and Reliability Test. Research on organizational culture in sheep farmers and supply chain integration to have benefits and input in the form of managerial implications to improve the performance of sheep farmers.

RESULTS AND DISCUSSION

The implementation of supply chain integration for sheep breeders in Langkat Regency, North Sumatra, is not always carried out where supply chain integration consists of customer onboarding, onboarding suppliers, and internal integration, which are some of the criteria used as indicators of supply chain integration for sheep breeders. Supply chain integration is explained as follows.

Table 1 shows the existence of an information network that creates a relatively high level of communication with customers, supported by frequent meetings. Farmers believe that building good customer relationships is one of the keys to business success. Its customers are the community and collectors, where their products are distributed to the traditional big market in Stabat City and export companies.

Table 1. Farmers' Perceptions of Customer Integration

No.	Customer Interaction	Answer (%)				
		Never	Rarely	Sometimes	Frequently	Very often
1.	Communication level with key customers	-	3,8	28,9	83,6	-
2.	Order speed enforcement system with key customers	-	48,2	48,8	19,8	-
3.	Main relationship period/time frequency	-	3,4	32,7	79,3	-
Average		-	18,47	36,80	60,90	-

Source: Primary Data (processed), 2022

The ordering system used by farmers generally does not use a computerized system because it is deemed not too crucial for farmers. Therefore, in order, always apply a manual system. However, this causes the performance of the sheep supply chain in handling the speed of orders to be not optimal, and it can affect customer needs and satisfaction.

Farmer's Perception of Supplier Integration

Overall there is an exchange of information between farmers and suppliers; this activity is only carried out for a certain period so that the level of relationship between the two parties is not affected because the meeting only takes place in the buying and selling process related to problems with supplier product availability, supplier product quality, supporting facilities good breeding and other livestock matters. Suppliers provide sheep semen, medicines, vitamins, and other livestock facilities.

Suppliers generally do not participate in production activities but only motivate farmers who are their main customers. Some breeders start their nurseries to save on production costs, so they do not have to spend money to buy seeds from suppliers. Suitable suppliers know more about livestock than other farmers (Table 2).

Table 2. Farmers' Perceptions of Supplier Integration

No.	Customer Interaction	Answer (%)				
		Never	Rarely	Sometimes	Frequently	Very often
1.	Level of strategic relationship/alignment with key providers	-	15,8	62,7	30,0	-
2.	Efforts to gain stability through networks with significant network providers	-	14,7	77,4	4,1	-
3.	The participation rate of critical providers in acquisition and production	45,6	52,3	14,7	4,1	-
Average		15,20	27,6	51,60	12,73	-

Source: Primary Data (processed), 2022

Farmers' Perceptions of Internal Integration

Based on Table 3, the internal integration carried out by farmers in their business activities is not always carried out. Integrating data and business applications is carried out by farmers with labor in the production process. These workers are people whom farmers send to help farmers in increasing their business productivity, but some breeders do not do this, so they use workers who come from family alliance relationships.

Business applications carried out in the internal environment of the breeder's business are related to the procedures for producing, harvesting, and utilizing livestock facilities that are effective and efficient. The data integration carried out by farmers in their internal business environment is related to the incorporation of data in the form of productivity reports, sales reports, and reports on the use and utilization of livestock facilities.

One of the common factors causing the irregularity of the data collection is the farmers, who consider the data a business secret that only a few parties need to know to prevent the spread of unwanted information. It is the assumption of farmers who have workers from outside who do not have a family alliance. Farmers who have workers who come from family alliances have confidence in their workers, so the incorporation of internal data and

business applications is essential for information about the continuity of their business so that the use of meetings between workers and farmers is often carried out.

Table 3. Farmers' Perceptions of Internal Integration

No.	Customer Interaction	Answer (%)				
		Never	Rarely	Sometimes	Frequently	Very often
1.	Integrasi/penggabungan data diantara fungsi internal	7,8	41,3	42,5	4,1	4,1
2.	Integrasi aplikasi usaha diantara fungsi internal	-	19,2	62,2	18,3	4,1
3.	Pemanfaatan pertemuan antar anggota diantara fungsi internal	-	3,1	24,4	75,3	-
Average		2,60	21,20	43,03	32,56	2,73

Source: Primary Data (processed), 2022

Farmers' Perceptions of Performance

In this study, indicators for performance variables include operational and business performance. In general, the performance of sheep breeders in Langkat Regency, North Sumatra, in the last five years has been relatively stable. Some of these indicators can be explained through the following tables.

Farmers' Perceptions of Operational Performance

A comparison of the operational performance of farmers in Langkat district in the last five years is generally relatively stable. The components used to decrease or increase operational performance include product modifications, product introductions, timely fulfillment of orders, and high levels of service to customers.

Based on Table 4, several things affect the operational performance of farmers in running their business, namely the ability and motivation of farmers who are relatively low in improving their operational performance, conditions, and conditions of a competitive business environment, changing seasons that affect climate and weather conditions so that it can have an impact on productivity, and demand fluctuations that vary so that farmers are difficult to predict. To anticipate this, farmers maintain a stock of materials/materials to respond to changes in demand. It affects the attitudes and behavior of farmers in meeting and satisfying customer needs. In running their business, farmers strive to meet and satisfy their customers by providing good products and services.

Some breeders in the Langkat district do not only focus on one livestock commodity product but adapt it to the type of product in high demand in the market. Farmers do it to obtain high profits, so the breeders try to introduce and change their products to meet customer needs.

Table 4. Farmers' Perceptions of Operational Performance

No.	Customer Interaction	Answer (%)				
		Never	Rarely	Sometimes	Frequently	Very often
1.	Businesses can quickly modify/change products to meet customer needs.	4,1	12,8	62,8	28,5	-

2.	Businesses can quickly introduce new products to the market.	4,1	18,4	66,3	21,3	-
3.	Businesses can quickly respond to changing market demands.	4,1	13,5	60,7	20,9	-
4.	Businesses have confidence in the timely fulfillment of orders to critical customers.	4,1	5,5	80,1	13,3	-
5.	Order time to fulfill orders Order time to fulfill customer orders	4,1	-	84,4	17,4	-
6.	The business provides a high level of service to key customers	4,1	5,5	40,1	50,5	-
Average		4,1	9,28	65,78	25,31	-

Source: Primary Data (processed), 2022

Farmer's Perception of Business Performance

Based on Table 5, it can be concluded that the farmers' business performance in Langkat Regency in the last three years has been relatively stable. The growth of profits/profits from these livestock business activities tends to have poor performance, which is in line with the growth of its market share, which did not experience significant growth.

Table 5. Farmers' Perceptions of Business Performance

No.	Customer Interaction	Answer (%)				
		Never	Rarely	Sometimes	Frequently	Very often
1.	Pertumbuhan keuntungan/ profit	9,9	47,8	41,5	4,1	4,1
2.	Pertumbuhan pangsa pasar	-	18,2	62,2	13,7	4,1
Average		4,95	33,0	51,85	8,9	4,1

Source: Primary Data (processed), 2022

Internal and external business conditions that are not good can harm the business performance of farmers in increasing their profits and market share, thus potentially experiencing a decrease in profits. The internal business environment faced by farmers is related to their abilities and skills in running their business. These abilities and skills are not based on the level of education possessed by the breeder but are generally obtained from the farmer's experience in doing business. Farmers in Langkat Regency generally have a high level of education and a long period of livestock experience; based on Table 5, the business performance of farmers is relatively stable. It shows that the level of education and experience in livestock is not used as a guarantee in developing and improving the business performance of farmers.

Another thing that must be considered is the external environment of the farmer's business. The external environment is associated with high competition in the market. The business these breeders engage in does not have a significant market share growth due to the

fulfillment of consumer needs and services that have not been optimal so that the growth is consistent from year to year.

Farmers' Perceptions of the Organizational Culture of Livestock Groups

In the organizational culture variable, two criteria as the basis for implementing organizational culture in livestock groups, namely control-flexibility orientation, and internal-external focus, where the explanation of each of these indicators is as follows.

Farmers' Perception of Control-Flexibility Orientation

Table 6 shows that the overall scale for each statement has the highest percentage on a scale of 3. It explains that the application of organizational culture in livestock groups tends to implement a control-oriented organizational culture system.

Table 6. Breeders' Perceptions of the Control-Flexibility Orientation

Control Orientation	Percentage of Answers (%)							Flexibility Orientation
	1	2	3	4	5	6	7	
The binder that links our organization together is formal rules and regulations. Following the rules is important.	-	25	62,3	5,1	5,3	2,3	-	The bond that holds our organization together is a commitment to innovation and development. There is pressure to be first with products and services.
The organization emphasizes determination and stability. Efficiency is important.	-	25	52,3	13,4	5,6	3,7	-	Dynamic organization and place of business. Its members are willing to sacrifice and take risks.
Organizations are highly controlled and structured places. Formal procedures usually dictate what members do.	-	8,3	43,3	34,1	7,4	6,9	-	Organizations emphasize growth by developing new ideas. Generating new products and services is important.
Leadership in organizations is usually considered with proper coordination, organization, or efficiency.	-	15,3	58,2	20,5	6,0	-	-	Leadership in organizations is usually considered to be entrepreneurial, innovative and willing to take risks.
The management style of the organization is characterized by employee safety,	-	27,0	60,1	11,2	1,7	-	-	The management style in the organization is characterized by daring to take risks,

predictability, and stability in relationships.								innovate, freedom, and uniqueness.
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Source: Primary Data (processed), 2022

Farmer's Perception of Internal-External Focus

Overall, the scale in each statement has the highest percentage on a scale of 3. It can be concluded that livestock groups tend to apply an organizational culture system that focuses on the internal environment. Langkat Regency, North Sumatra, is used by its members as facilities and infrastructure to improve members' internal capabilities in creating. The previously described two tables show that the livestock group organizational culture implementation in the Langkat Regency area tends to be control-oriented and internally focused (Table 7).

Table 7. Farmer's Perceptions of Internal-External Focus

Control Orientation	Percentage of Answers (%)							Flexibility Orientation
	1	2	3	4	5	6	7	
The organization is a unique place. It is like a family relationship, and members share for themselves.	-	40,1	48,5	11,4	-	-	-	The organization is very results-oriented, and the main concern is to complete the task. Members are highly competitive and achievement-oriented.
Organizations define success based on human resource development, teamwork, employee commitment, and concern for members	-	23,3	64,2	9,1	3,4	-	-	Organizations define success based on winning in the marketplace and outperforming the competition. Competitive market leadership is key.
The binder that holds our organization together is loyalty. Commitment to high organization.	4,1	20,5	43,7	22,5	7,2	2,0	-	The binder that holds our organization together is pressure on achievement and achievement goals. Aggression and winning are commonplace.
Leadership in organizations is usually considered with mentoring, facilitating, or nurturing.	6,5	48,4	42,2	2,9	-	-	-	Leadership in organizations is usually considered to be entrepreneurial, innovative and willing to take risks.
The management	19,	65,	15.	-	-	-	-	The management

style of the organization is characterized by special agreement.	7	3	0					style in the organization is characterized by daring to take risks, innovate, freedom, and uniqueness.
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Source: Primary Data (processed), 2022

The organization of livestock groups in Langkat Regency can generate positive benefits and benefits for the performance and productivity of its members. It is done by providing mentoring, sharing, and facilitating the members involved in the livestock sector. Of course, in carrying out these activities, proper coordination is needed where the livestock group has structural and regulatory procedures and formal policies that every member of the community must obey. Its members. In maintaining the relationship between members, the organization develops teamwork and commitment of its members to lead to stability and balance in the relationship and output.

CONCLUSION

Supply chain integration carried out by farmers is not always carried out, which includes internal integration, customer integration, and supplier integration. Breeders have customers of the community and collectors where the product will distribute to the traditional big market traders of Kota Stabat and exporter companies. Farmers have suppliers who provide livestock facilities and infrastructure, so a stable relationship exists between farmers and suppliers.

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