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The Role of Local Institutions in Seaweed Marketing

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Abstract

The marine and fisheries sector in Indonesia has enormous potential, especially now that the potential is supported by various program policies and development activities. However, due to the rapid changes that occur in all fields on a national and international scale, the development programs and activities must be adjusted or changed in order to better meet economic needs that are more concerned with improving community welfare, marketing efforts of regional organizations to seaweed which is a marine resource commodity that has high economic value, low production costs, and ease of cultivation. Therefore, this study aims to find out what is the role of local institutions in seaweed marketing. The research employed Qualitative Analysis in understanding local institutions and seaweed marketing phenomenon. To obtain accurate data, The results showed that the role of local institutions in terms of seaweed marketing, namely formal institutions, especially cooperatives, has not been well institutionalized among the community in Jeneponto Regency because there is still a lack of farmers who are interested in participating in the cooperative, for non-formal institutions only in marketing activities. So that local institutions in Jeneponto district, both formal and informal, have not been able to fully support seaweed cultivation activities, especially in seaweed marketing.

Keywords: *Local Institutions, Seaweed Marketing, Local Government, Local Farmers*

1. Introduction

The potential of Indonesian marine and Indonesian fisheries is so great, especially now that this potential has been supported by various program policies and development activities in the marine and fisheries sector, however, in line with such rapid changes in all fields both on an international and national scale, the program policies and development activities of the marine and fisheries sector require adjustments or changes in order to meet economic needs that are more focused on improvement of people's welfare. One of them is the development of the local economy is the ability of economic development of a region in improving economic quality and quality of life in the future (Suprpto, 2010). It is a process in which society, the private sector, and the government work together to create good conditions for economic growth in job creation. Approaches to local economic development can be said to be successful, when communities increase investment, business environments, and create environmental conditions in an effort to increase competitiveness, create jobs, and increase incomes.

One of the potential marine biological resources is seaweed or known as seaweeds, marine algae, or agar-agar. The type of seaweed that has economic value and has been intensively cultivated in coastal areas is the type of *Kappaphycus alvarezii* or known as *Euchema cottonii*. Currently, seaweed farming activities are no longer just a side job to earn additional income, but have become one of the main livelihoods (Handayani, 2021). Seaweed in South Sulawesi Province is developing quite potential, where the production and use of seaweed tends to increase every year. Looking at BPS data (2022), seaweed production in 2020 reached 1.63 million tons, followed by 3.79 million tons in 2021 and 2.86 million in 2022. making prospective seaweed to be developed with potential land for marine cultivation in South Sulawesi Province has reached 250,000 Ha so that seaweed development opportunities are still wide open. Seaweed contributes to fisheries exports in South Sulawesi Province by 35%-46% of the export value (Fatony *et al.*, 2023). In South Sulawesi there are several seaweed producing areas including Jeneponto, Takalar, Pangkajene and Islands, Bone, Barru and Wajo regencies.

The environmental characteristics of cultivators in Jeneponto Regency include coastal communities there generally in independent or stand-alone seaweed cultivation activities, the coastal community of Jeneponto has also generally become part of a pluraristic community but still has a spirit of togetherness between cultivators and outsiders. This means that the people there on average are a combination of urban and rural community characteristics. Because the structure of cultivators in Jeneponto Regency is very plurar, thus forming a cultural system and values which are cultural acculturation of each component that makes up the structure of the community. The lack of guidance at the institutional level of seaweed farmers makes cultivation activities still fairly common. It should be underlined that the success of agricultural development is not only influenced by technical aspects, but also determined by agricultural institutional aspects. The institution referred to here is not just an entity that is only limited to the organizational structure, but as a value system, institution, or norm that regulates the behavior of individuals and groups in it and has been accepted in social aspects in society. Therefore, institutional entities can be understood as one of the complex issues in agricultural development (Muhammad Arsyad *et al.*, 2021)

In an effort to build a sustainable national agricultural sector, the role of institutions as a value system to strengthen the participation of each element in an environment becomes very important. Because agricultural development does not only talk about the activities of farmers as individuals, but also includes agricultural companies, transportation, finance, and government institutions (Wardhiani, 2019). This is also a factor that greatly determines the achievement of social change in agricultural communities towards a better level. So to support this, it is necessary to carry out a form of institutional role to improve the seaweed marketing process. (M. Arsyad *et al.*, 2020) said that the agricultural revolution 4.0 not only requires increasing the capacity and capability of human resources to implement mechanization in agriculture, but also institutional arrangements that are expected to be able to achieve the level of efficiency and effectiveness of the value chain system from upstream to downstream. This means that the arrangement of agricultural institutions greatly determines the success of agricultural development in the industrial era 4.0. Supporting the role of local institutions in

marketing seaweed which is one of the marine resource commodities that has high economic value, is easy to cultivate and relatively low production costs.

Looking at the issues that have been explained or research problems, it is necessary to conduct research with the title of the role of local institutions in seaweed marketing, where the purpose of this study is to present data and information, role mapping, and what kind of institutions are intertwined in Jeneponto district. So the importance of this research is carried out so that it becomes a reference for the government in formulating policies and institutional improvement programs in terms of seaweed marketing.

2. Materials and Methods

2.1 Design Participants

This research was conducted in Jeneponto Regency, South Sulawesi Province, Indonesia as one of the seaweed productions centers in the province. We interviewed 97 seaweed farmers 70 seaweed farmers in 3 sub-districts, 10 government employees, 17 seaweed collectors. The research employed qualitative analysis by focusing on 2 main issues. First, exploring the role of local institutions in seaweed marketing (government and cooperatives). Second, explaining informal institutions (farmers cultivation activities and seaweed marketing).

2.2 Data Collection Instruments And Analysis

The type of data used in this study is descriptive data with a quantitative approach. Data sources in this study are primary data and secondary data. The data collection techniques used in this study were interviews, observations, and literature studies. The data analysis technique used is qualitative analysis whose analytics are interpretive and interpretive understanding or *verstehen*. The qualitative definition here means that the data presented is in the form of words into the form of expanded text instead of numbers Data from interviews and observations are written in a detailed field note and then analyzed qualitatively. Then field notes are made which are further simplified / refined and coded with data and problems. Data coding based on the results of criticism made, appropriate data separated by certain codes from data that does not match the research problem or data that is doubtful. The data obtained are analyzed componentally (componetial analysis) through three stages:

- a. The first stage, qualitative data analysis carried out is the process of reducing rough data from field notes. In the process, data relevant to the research focus are selected and data that do not meet the exclusive-inclusive criteria. The data reduction process is carried out gradually during and after the collection of compiled sample data. Data reduction is done by summarizing data, exploring scattered themes, and creating a basic framework for presenting data.
- b. The second stage, the presentation of data, is the preparation of a set of information into statements that allow drawing conclusions. Data is presented in the form of narrative text, initially scattered and separated across various sources of information, then classified according to themes and analysis needs.
- c. The third stage is drawing conclusions based on the reduction and presentation of data. Drawing conclusions takes place gradually from general conclusions at the data reduction stage, then becomes more specific at the data presentation stage, and more specifically at the actual conclusion drawing stage. This series of processes shows that qualitative data analysis in this study combines the stages of data reduction, data presentation, and conclusion drawing repeatedly and cyclically.

3. Results and Discussions

The condition of seaweed farmers in Jeneponto Regency makes the source of economic life depend directly on the use of marine and coastal resources. This understanding can be developed further because basically many people whose lives depend on fishery resources such as seaweed farming activities. Seaweed cultivation activities in Jeneponto Regency were started by the community since 1999 until now, Seaweed cultivators are carried out using the longline method, the use of seedlings by farmers is obtained from buying, farmers only buy seaweed seeds once during cultivation activities, if the harvest has good seaweed quality, farmers usually use seaweed as seeds for further production, but if not, farmers must buy seaweed seeds at a price range of 6,000 kg seeds.

The inability to escape poverty caused most coastal residents in Jeneponto district to choose seaweed cultivation as their main livelihood. In the development of the seaweed farming business there have been ups and downs and even not significant in creating household income for seaweed farmers. The general obstacle for seaweed cultivators in Jenponto Regency is the absence of government assistance regarding seeds or facilities and infrastructure that can support seaweed cultivation activities. One example is the provision of high-quality seeds that are important and need to be done by the government to support Indonesian seaweed export activities in the global market.

3.1 The Role of Local Institutions in Seaweed Marketing

1) Local Government (Marine and Fisheries Service)

This institution is nothing but counseling and technical guidance on seaweed marketing at the farmer level which is a formal institution in Jeneponto district. The extension is under the responsibility of the Fisheries Office of Jeneponto district, Socialization includes the application of good cultivation methods, as well as marketing seaweed itself as an effort to prioritize the quality of seaweed. Where this is the main problem often faced by cultivators in Jeneponto district, unstable marketing causes market games carried out by farmers by determining the high and low purchase prices of farmers, weak access to information results in seaweed marketing is still fully controlled by collecting traders so that it can reduce seaweed production activities (Reski, 2013).

2) Cooperation

Based on the results of identification in the field that there is a formal institution, namely a cooperative which functions as a business means in marketing seaweed. Initially, seaweed marketing was carried out by cooperatives so that seaweed prices were stable in the region because prices were very easy to play with by collectors. However the function of the institution is not in accordance with what is expected by the cultivator community so many residents do not sell their seaweed in this cooperative. Because this marketing agency provides a cheap selling point for the seaweed, So many seaweed farmers prefer Pappalele as their partner for the sale of seaweed. The role of cooperatives in the community has not been institutionalized many people are aware of cooperatives but only a small number run because of the low purchase price of seaweed and very few people maintain cooperative entities, This resulted in this institution being less active in Jeneponto district.

Rural farmer institutions contribute to the acceleration of farmers' socio-economic development, accessibility to agricultural information, accessibility to capital, infrastructure, and markets, and adoption of agricultural innovations. In addition, the existence of farmer institutions will make it easier for the government and other stakeholders to facilitate and provide strengthening to farmers. The importance of farmer institutions is recognized in agricultural development, both in industrial and developing countries such as Indonesia. However, the reality shows the tendency of weak farmer institutions in developing countries, as well as the large obstacles in growing institutions in farming communities. Farmer institutions are expected to be able to help farmers get out of the problem of farmer economic inequality, but until now it is still not functioning optimally. It requires mastery of adequate agricultural technology and competitive ability from farmers in order to survive in the midst of world economic competition (Eskarya & Elihami, 2019).

Financial institution support is still very lacking from both banks and the government. In fact, financial institutions are needed by cultivators to increase business and minimize capital dependence on traders. (Behnassi et al., 2014) mention cultivators have capital ties or dependence on middlemen. Although the cooperation relationship between traders and cultivators is based on business continuity efforts, social support of institutional subsystems and infrastructure as well and guidance are also needed (Marina & Yulistia, 2015). Each subsystem will provide linkages between agribusiness actors such as farmers/cultivators, traders, and consumers. Good linkage will play a big role in people's income (Here et al., 2020).

3.2 Informal Institutions

Increasing the ability of human resources (HR) to create better products as well as fostering industry and business activities on a local scale. So regional development can be seen as an effort by local governments and communities in building economic opportunities that are in accordance with the capabilities of their human resources and optimizing the use of natural resources and local institutions. The role of institutions in a social system, then overall institutional aspects must be seen in context Provide guidelines how to behave and behave in dealing with problems in life, Maintain the integrity of society as well as, Provide a handle to the community for social control, or become a behavioral supervision system (Beryaldi Agam., Andi Panca Wahyuni., 2021).

1) Relations between farmers in seaweed cultivation activities

In the activities of seaweed farmers as managers of fishery resources, namely seaweed in their daily lives they emphasize seaweed cultivation activities together or in groups, the location adjacent to the sea makes farmers help each other in terms of the division of cultivation activities. Mutual understanding among farmers is a tradition of sharing that is still adopted today for the sake of smooth and maintaining relations from conflicts that may occur.

2) Relationship between communities in seaweed marketing activities

Dried and ready-to-sell seaweed is usually sold to traders commonly called collectors. In this case, the seaweed buying and selling transaction comes directly to the seaweed cultivators at a price of Rp. 23.000-Rp 25.000/Kg. Furthermore, this collector sells the seaweed to several companies at a higher price. The role of collectors in institutional development as a connector of the marketing chain of seaweed farming communities. The production can be sold and marketed to traders inside and outside Jeneponto Regency. Ramadhani et al., (2017) stated that the local farmers lack bargaining power in determining the selling price when farmers sell their crops to middlemen. This happens because the lack of information obtained by farmers regarding market information. This is confirmed by Natawidjadja's opinion (2012) explaining that traders (middlemen) have better information about prices because of their mobility and access to companies, and often farmers do not get this information. To overcome the lack of information, farmers usually try to find market price information in the surrounding area or villages or through other farmers. Middlemen are also important institutions in farmer group institutions, where middlemen are traders who have traditionally developed in buying commodities from farmers, by acting as traders collecting buyers of creditor traders at once. Various systems they use in buying commodities, both by buying before harvest (called *ijon*) and after harvest. For this reason, middlemen also play an important role in the institution of farmer groups (Eskarya & Elihami, 2019).

Currently, the condition of most seaweed farmers from year to year has not experienced development as expected or can be said to be stationary and even declining. Empirically the description of the farmer group Some of the group's classes are not in accordance with the actual situation, the class status is higher but their activities when measured by assessment scores turn out to be low dynamics, and some farmer groups have "disbanded" but are still registered. The low performance of existing farmer groups is partly due to the low role of farmer group administrators, unclear group members, incomplete and dysfunctional organizational structure, low farm productivity and lack of guidance from extension officials. So that the limited formation of these institutions is not carried out participatively so that it cannot accommodate the potential and interests of farmers, which should be the capital to carry out collective action (Hermanto, 2011) Even farmer groups are often formed on a temporary basis that are only active at certain times, such as when there is distribution of aid.

4. Conclusion

The role of local institutions in terms of seaweed marketing, namely formal institutions, especially cooperatives, has not been well institutionalized among the community. There is still a lack of farmers who are interested in participating in the cooperative, for non-formal institutions only in marketing activities. Local institutions both formal and informal, have not been able to fully support seaweed cultivation activities, especially in seaweed marketing. As for the limitations, this study only focuses on local institutions in terms of seaweed marketing, further research is needed to the role of local institutions in terms of increasing the productivity of seaweed farmers. Therefore, local seaweed farmers will be more productive in terms of carrying out cultivation activities.

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