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## *Full Length Research Papers*

# **Empowerment: Strategic Solutions to Realize Farmers Self-Reliance, Farming Scale and Sustainable Prosperity (Survey on Paddy Farmers in South Sumatera-Indonesia)**

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**As an agricultural country, people's agricultural sector has an important role in tackling unemployment, increasing income, economic growth, and national stability. Even though in practice empowerment efforts have been done, but in fact the people's agricultural sector has not fully detached from the problems or obstacles faced. With the serious attention of the government, the existence of agriculture of the people will certainly evolve as the basis for national economic growth. The purpose of this research was to look at the influence of the empowerment efforts that has been made in creating self-reliance, increasing farming scale and sustainable prosperity in South Sumatera Province. Primary data were obtained through the questionnaire answers of 250 respondents who were randomly assigned and were processed through Structural Equation Modelling (SEM) analysis. The conclusion obtained is empowering which is consisting of the strategic of human development, business development, and institutional development gave positive and significant influence towards self-reliance and the increase in farming scale. Furthermore, self-reliance and the increasing of farming scale also gave positive and significant influence towards the creation of farmers prosperity. The results of analysis above gave the explanation that all of research hypothesis were accepted.**

**Keywords:** empowerment, farmers self-reliance, farming scale, farmers prosperity.

## **INTRODUCTION**

Todaro and Smith (2003) stated that especially for the agricultural sector and rural economy generally must be viewed as a dynamic element and determining the development strategy in all developing countries, and an absolute requirement for the development of national economy. Without the existence of agriculture and development of villages, then the growth of the industry may be a total failure or if success, it will create a variety of internal imbalances in economy that has the problem of

widespread poverty, inequality and unemployment would be worse. The agricultural sector and the development of the village are deserved to be highlights sectors. Not only because of their ability increasing jobs and narrowing the gap between the sectors, but also resilient in facing internal and external turmoils can be towing locomotive for the growth for other economic sectors, stabilizer and dinamisator in economy. In addition, in view of the country,

the position of agriculture also viewed as food security, which means state security.

Todaro's opinion is in line with Lewis' opinion with his theory of "dual sector" which focuses on the rapid growth industry with agriculture sector as fuel filler for industrial expansion with cheap groceries and surplus labour. The main roles of agriculture sector are bringing up other sectors, making another sectors growing. There is no great and developed country has the weak agricultural sector and lack of food, 40 percent of world corn production are from US, therefore more than 50 percent of corn in international market are US export. For wheat, together with Canada and Australia, US dominate the world. For soy, US with Brazil and Argentina do too. In fact, for the moment, the poor countries hang on their needs in the developed countries. Therefore, the progress of agriculture is an important measure that characterizes the progress of a great country (Pakpahan, 2004).

A lot of experiences from developed countries like Europe and Japan which showed that they started the industrialization after or in conjunction with the development in agricultural sector. For example, United Kingdom was experiencing the industrial revolution in the 18th century, after beginning with the agricultural revolution which happened by turnip technology introduction. The industrialization in Japan took place concurrently with the agricultural revolution which happened by the reform of Meiji. Likewise, in Taiwan in around 1950, it showed that industrialization of agriculture through the development of small-scale industries and located in the countryside was capable for generating strong and evenly economic growth as well as the formidable economic structure (Yusi, 2006).

Learning from the fact above, as an agricultural country, Indonesia likes or dislikes must develop and empower agricultural sector as the basis for sustainable economic development. It cannot be denied that one of the causes of the economic crisis in Indonesia in 1997 was the fault of industrialization during the reign of new order government which was not based on agriculture. During the economic crisis have also proven that the agricultural sector was still able to experience a positive growth rate, Although in a small percentage, While most of the other economic sectors including manufacturing industry, experienced a negative growth rate of above single digits. The development of the agricultural sector cannot be released from farmers as the direct manager of that sector. During this time, the fundamental problems which were faced by farmers in Indonesia generally and especially in South Sumatera as the area of research were lack of access to capital sources, market and technology, education as well as weak peasant organization (The Rules of Ministry of Agriculture Republic of Indonesia No. 29, 2010). The lack of capital, is especially caused by the lack of direct access to the services and facilities of the financial which are provided by formal finance institutions (bank) as well as

non bank. With limited capital owned, the effort that can be done in improving productivity become obstructed. The problem in capital is also one of the fundamental reason for someone to postpone the development of business (Kaplan and Schoar, 2005). Credit and capital support received by the farmers have an impact on farmers' economic behaviour as a whole, on both production and consumption behaviour (de Rosari et al., 2013).

The lack of market access, not only caused by a relatively small number of results, but also the quality of the results sometimes do not meet market demand, never mind the export market, the domestic market is sometimes difficult to be penetrated. The quality of the goods and limited of goods produced amount, cause market opportunity could be seized had missed. In addition, the factor of technology used in the production process is also still in conventional method, it causes their product lost to compete in all things if entering modern market.

Other reality shows that the majority of the farmers in South Sumatera still have a low level of education and skill. This condition causes the low ability and quality of human resources. As a result, farmers are less able to manage the administration of peasant organizations well, peasant organization which could give great benefits if it is managed with good management become useless because of the inability in managing based on the ideal principles of organization. Education is important factor to change the economic backwardness and improve the ability and motivation to get ahead, thus, it is crucial to enhance the capabilities and skills of farmers. In fact, without improvements to the quality of the human factor, there will be no progress, in connection with that, education becomes something that needed (Jhingan, 2014).

Empowerment of farmers is the effort to prepare a farm community together with institutional strengthening efforts of the community in order to be able to manifest the progress, self reliance, and prosperity in the atmosphere of a sustainable social justice. For that, farmer empowerment effort is an attempt to improve the dignity of communities that are currently not able to escape from the poverty and backwardness. In other word, empowerment of farmers is enabled and made self-contained village community in the ability of the effort, participation in development, increased production, and the distribution of results (Kartasmita, 1996).

In an attempt to empower farmers can be seen from three sides, i.e (Mardikanto and Soebiato, 2013): First, Creating an atmosphere or climate that allows developing community potential. Here, the starting point is recognition that every human, every society has potential that can be developed. It means that there is no community that is totally without power. Empowerment is an effort to build up resources, by encouraging, motivating and arouse the awareness of the potential which is had by the community as well as trying to develop it. Second, strengthen the

potential or power possessed by the community. In this case, it is needed more positive steps, aside from creating the climate and atmosphere. This strengthening include real steps, and concerning the provision of a wide range of input, as well as opening access into a wide range of opportunities that will make the community becoming empowered.

Third, empowering means also protects. In empowering process, it must be prevented that the weak become weaker, therefore less powerless in facing the strong one. Therefore, protection and advocacy to the weak one is very basic nature in the concept of empowerment. Protect does not mean to isolate or cover of interaction, because it will make the small thing become smaller. Protecting should be seen as an attempt to prevent the occurrence of unequal competition, as well as exploitation of the strong over the weak. Community empowerment is not making the community became more dependent on various programs of granting.

In terms of this empowerment, the significant efforts are improving the quality of human resources and motivating farmers to come forward, where one of those efforts can be done by giving education and training as well as access into the sources of economic progress such as capital, technology, information and market. In addition, efforts in this empowerment also concerned the availability of funding institutions, physical infrastructure development, and marketing in the countryside which supports the activities of farmers in trying to produce, either directly or indirectly. Empowerment is the comprehensive change process that includes various aspects and the farmer's life towards better, with that condition, it is expected that that farmers are more passionate in developing their farm activities.

Starting from the problem below, it would be more relevant if held research on empowerment efforts that has been made for the improvement of the life quality of farmers in South Sumatera. This applicative research is expected to provide useful information for the creation of a synergy of efforts which are interlinked in terms of empowering farmers as the main perpetrators of the agricultural sector towards better. Increasing productivity of the farmer, in addition to further improve prosperity, it can also contribute to the development of national economy, in the form of food security as well as contribution to increased national income.

## REVIEW OF LITERATURE

### Community Empowerment Concept

Empowerment is a process and a goal. As the process, empowerment is a series of activities to strengthen of a power or the existence a weak group in society. As the goal, empowerment refers to condition or outcome to be

achieved by a social change, i.e. making a person or a community to become strong enough to participate in a variety of control, having knowledge and the ability to meet the needs of their life, both physical, economic and social. the definition of empowerment as a goal often becomes an indicator of the success of empowerment as a process (Suharto, 2008). elements of the force to be owned by the community to be empowered include: communication access, confidence, leadership, institutional, organizational abilities, networking, skills, and reliable (Bartle, 2008).

Givran (2004 in Suharto, 2008) developed some indicators of empowerment called empowerment index, covering the freedom of mobility, the ability of buying commodities, involved in making household decisions, awareness of law and politics, guarantee economic and contribution to the family. The success of community empowerment can be seen from their ability against economic access, prosperity access, and cultural as well as political ability.

Empowerment not only includes the strengthening of individual community members, but also the institutions. Instilling the values of modern culture, such as hard work, thrift, openness, and responsibility are main part of empowerment effort. Similarly, the renewal of the social institutions and its integration into development activities and the role of the public in them. The most important here is the increasing popular participation in the decision making process regarding the self and society. Community empowerment is a participatory process that gives confidence and opportunities to the public to examine the main challenges to their development and propose activities that are designed to fix the issue (Mardikanto and Soebiato, 2013).

Bebbington et al. (2007) stated: Empowerment is a process through which those excluded are able to participate more fully in decisions about forms of growth, strategies of development, and distribution of their product. Community empowerment is an attempt to enhance the dignity of people in the present conditions which are unable to escape from the trap of poverty and underdevelopment, in other word, empowerment is enabling and creating self reliance society.

### Empowerment in Agriculture

Experiences of agricultural development carried out by developing countries indicate that the farmers are not considered as a source of information that can be utilized for agricultural development. Information owned by the farmers, both concerning agricultural technology and the procedures for the utilization of natural resources, considered one eye. In fact, there is a tendency of agricultural development draft of displacing local agricultural systems and changing consumption patterns of local residents.

On the development paradigm of the past, there is a presumption that an indicator of the success of a development is the increase in the industrial sector in all areas as well as the contribution of the agricultural sector sags on the total national income, as a result the construction industry sector is more promoting and agriculture is abandoned. But, the economic crisis that occurred in Indonesia in 1997 demonstrated us that such development paradigm is not appropriate, because it turns out that the agricultural sector becomes the saviour of the nation from destruction.

The resilience of the agricultural sector in facing a crisis which led to a change of the mindset of the development planners which then renders the agricultural sector as a new hope. To realize these expectations, then every effort of agricultural development must be sensitive to the cultural society, by making knowledge and local culture as the main variable in the process of agricultural development and community empowerment in the village also has a characteristic on the potential and diversity of farm products.

In agricultural development, the goal of empowerment is directed at the attainment of better farming, better business, and better living. From the experience of agricultural development indicates that to achieve three forms of the above fixes, it still requires other improvements relating to (Ministry of Agriculture, 2002):

1. Better organization for the sake of the establishment of partnerships cooperation between stakeholders. For example, it can be delivered a special intensification of implementation experience, in which social innovation is done through farmer can penetrate leveling off which are achieved through technical innovation.

2. Better community, that is reflected in the improvement of income, political stability and security, which are indispensable for the implementation of agricultural development which is a sub system for community development. About this, experience shows that agricultural development could not take place as expected, While the farmers do not have enough funds, supported by political stability and security as well as the construction of fields and sectors of the other life. In contrast, agricultural development be meaningless while not providing improvements to community's lives.

3. Better environment for the sake of farming business continuity. About this, experience shows that the use of fertilizers and pesticides is excessive and unbalanced have a negative effect against the duktivitas and the income of farmers, as well as other environmental damage, which it was feared would threaten the continuation of agricultural development.

Empowerment of farmers is the efforts to give a chance and facilitate farmers' groups so they have accessibility to resources, which include: capital, technology, information,

marketing collateral and more so that they are able to promote and develop their business, so gain improvement of income and the expansion of opportunities for the sake of improvement of life and prosperity (Sumodiningrat, 1999).

In the world of agribusiness, the sense of empowerment associated with ability or productivity. Therefore, empowerment of farmers is defined as the process of improving optimization ability or productivity, individual, organization, or system where the farmers do activity. On the other hand, empowerment of farmers is also translated as competitive advantage or bargaining position of the farm community. Therefore, empowerment is also defined as the strengthening or improvement of competitive advantage or bargaining position (Mardikanto and Soebiato, 2013).

## RESEARCH METHODOLOGY

### Population and Sample

This research is explanatory research that aims to explain the causal relationships between variables through hypothesis testing and conducted with descriptive analysis and verification approaches. The population in this research is a food crop farmers in South Sumatra that spread in the 13 districts. Samples were assigned randomly to the sum of 250 farmers, which in each district the samples were assigned proportionately.

### Operasionalization of Variable

To identify the empowerment program that has been done on farmers in the area of research, some of the key variables which were very related, grouped into exogenous variable and endogenous variable. In the analysis that uses the methods of SEM, exogenous variables can occur into another variable to endogenous variables.

Exogenous variable assignment is based on the concept of Mardikanto and Soebiato (2013) i.e.: human development ( $X_1$ ) as measured by: individual capacity development ( $X_{1.1}$ ), institutional capacity development ( $X_{1.2}$ ), and the development of the capacity of the system ( $X_{1.3}$ ). Business development ( $X_2$ ) as measured by: the selection of commodities that remain unanswered ( $X_{2.1}$ ), the determination of the sources of financing ( $X_{2.2}$ ), management of production and operation ( $X_{2.3}$ ), the development of information systems ( $X_{2.4}$ ), and the development of supported infrastructures ( $X_{2.5}$ ). Institutional development ( $X_3$ ) as measured by: the provision of production media ( $X_{3.1}$ ), production credit ( $X_{3.2}$ ), marketing and production ( $X_{3.3}$ ).

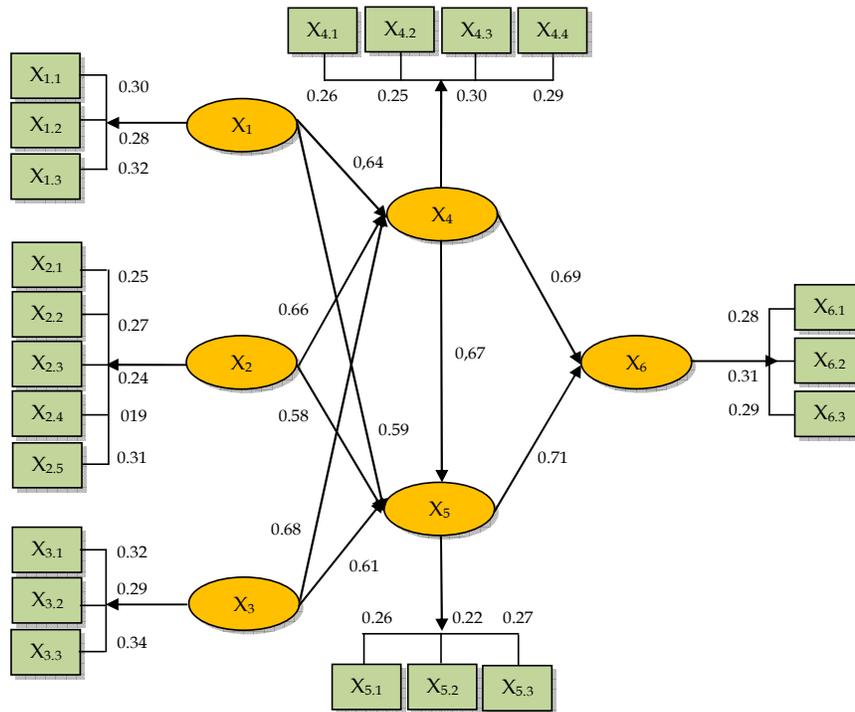


Figure 1: Interrelated Research Variables in Structural Equation Modelling

First endogenous variable assignment, the farmers self reliance ( $X_4$ ) which was based on Elizabeth concept (2011) as measured by: increasing food production ( $X_{4.1}$ ), increasing land-man ratio through the setting of the eternal lands ( $X_{4.2}$ ), increasing the ability of managing the food reserves ( $X_{4.3}$ ), increasing the reach of distribution networks  $X_{4.4}$ ). The second endogenous variable is farming scale ( $X_5$ ) which was based on Hafid concept (2014) as measured by: the magnitude of the assets ( $X_{5.1}$ ), the amount of labor ( $X_{5.2}$ ), and the magnitude of the turnover ( $X_{5.3}$ ). The third endogenous variable is farmers prosperity ( $X_6$ ) which was based on Burhansyah and Puspitasari concept (2012) as measured by: development of the structure of income ( $X_{6.1}$ ), development of food expenditures ( $X_{6.2}$ ), and the development of the farmer's exchange rates ( $X_{6.3}$ ).

### Data Analysis Technique

The data were analyzed using analysis of average difference test of anova and Structural Equation Modelling (SEM) to test the hypothesis and confirm the theoretical models which are formed (Maruyama, 1998). After the model is developed and illustrated in a diagram of the line, the next is confirming the model specification into a series of structural equations. These equations are formulated to

reveal the relationship of causality between the various variables.

Based on the diagram of the line, structural equation models can be built are:

$$\begin{aligned}
 X_4 &= \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \delta_1 \\
 X_5 &= \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \zeta_2 \\
 X_6 &= \gamma_0 + \gamma_1 X_1 + \gamma_2 X_2 + \gamma_3 X_3 + \gamma_4 X_4 + \gamma_5 X_5 + \theta_3
 \end{aligned}$$

### RESULT AND DISCUSSION

The data about results of the research presented in the SPSS after combining the AMOS program with data sources of SPSS which have been prepared, computation will result in Standardized Estimates Measurement Model Confirmatory Factor Analysis from the presented data. The relationship between exogenous variables and endogenous variables which showed a total of influence of each variable of the research contained in the model can be seen in figure 1.

#### The Influence of $X_1$ towards $X_4$ and $X_5$

From figure 1, it looks that variable  $X_1$  i.e. human development as measured by: individual capacity

development ( $X_{1,1}$ ), institutional capacity development ( $X_{1,2}$ ), and the development of the capacity of the system ( $X_{1,3}$ ) has positive influence towards the farmers self-reliance ( $X_4$ ) of 0.64 and farming scale ( $X_5$ ) of 0.59. It means that human development effort in agriculture sector has important role in fostering improvement mindset of farmers in the form of increased knowledge, both individually and the institutional for farmers self-reliance as well as an increase in the farming scale. Human development becomes important, because the villagers generally have traditions that are still bound to the culture inherited by their ancestors. There are still many customs that are the local customs and should be followed by the community, this being the reason for their reluctance to change mindsets and work pattern and input in the form of education and knowledge provided by the agricultural extension officers both individual or group, that this of course will affect directly for their farm business activities.

In fact the human community is defined as a teaching-learning process which is done in planned to develop the potential which exists in man so able to do social transformation (Priyono and Pranarka, 1996). Generally, villagers have limited resources. One of the reasons is low levels of education in the countryside. According to Ali (2009), that education as human development factor is the most strategic sector in national development, therefore, an important aspect to note to empower villagers is education because with education people not only have knowledge but also have the ability to participate actively in every development activity. People as fundamental factor except other factor in management have important role in every effort done.

The development of human resources with education as fundamental factor is expected can make farmers think creatively and able to follow changes such as the use of new innovations, technology implementation, and the mindset of a development-oriented. The society who cannot afford to change to follow the development of the times will left behind. In this condition, economic structure of villagers will be in the poverty threshold. As the factor of human development, education has many functions, it can be seen from the function of education to develop other skills and abilities necessary to become a productive man.

The results of research above are in line with the discovery from Quibria (1996) in Sumarti (2007) which stated that poverty of rural farmers other than caused by low levels of income, lack of opportunities, the limited assets of business, also caused by low education where the condition influence directly to rural farmer independence. In their research, Apata, et al. (2010) revealed a number of variables to address poverty on a farmer with a narrow land except access to micro-credit, livestock assets and extension services, participation in agricultural seminars, education significantly reduce chronic poverty among rural households. In connection

with this, Red (2009) explained that changes of the individual or organization that invests in the quality of human resources will improve the performance of individual or organizational.

Education is given to them who need to improve the ability. Education aimed at the occurrence of a change in community's lives towards a better. Based on the function of education above, it is very clear that the influence of education is very great towards the changes of community, in this case the changes is increasing the community prosperity, especially in the economy. Therefore, in terms of self reliance and improvement of farming scale so the improvement of mindset, the creativity of business, and farmer's skill as fundamental factor of agricultural sector through individual capability development, organizational capability development, and system capability development are absolute thing.

### **The Influence of $X_2$ towards $X_4$ and $X_5$**

Capital shortage for financing the farmer until now remains a problem facing by farmers. With limited capital, then the provision of the facilities in the form of agricultural tools increasingly difficult to be filled. Consequently the intensity of use of the work becomes increasingly declining. Family dependence to capital causes the farmer entangled to harm system, like attachment with merchants that can provide loans or moneylenders. The banking credit offered by the government to them less got positive response because the procedures are complicated and the collateral which cannot be provided.

Beside that, the information about the price of agricultural products still be problem, these limitations resulted in farmers are on a weak position in the bidding competition, especially concerning the sale and purchase of agricultural materials. Farmers should be forced to accept what the will of the buyer and the seller. Intermediary traders play a role in the aspect of agricultural sales. The limited infrastructure which supports such as availability of irrigation and limitations of information systems lead to farmers in the area of research often encounter barriers in trying and when will market the production results.

Business development ( $X_2$ ) as measured by: the selection of commodities that remain unanswered ( $X_{2,1}$ ), the determination of the sources of financing ( $X_{2,2}$ ), management of production and operation ( $X_{2,3}$ ), the development of information systems ( $X_{2,4}$ ), and the development of supported infrastructures ( $X_{2,5}$ ) has positive influence towards the farmers self-reliance ( $X_4$ ) and farming scale ( $X_5$ ) of 0.66 and 0.58. It shows that business development activity in the efforts of strengthening the self-reliance and increased farming scale of farmers in South Sumatera give the sense that is essential for the sustainability of the business, both at the time of production activity nor post harvest. The availability of credit for

farmers or venture capital is becoming important for the self reliance and development of farming scale. The results above are in line with discovery of Nwaru, et al. (2011). It stated that the purpose for extending production credit and capital support are basically to increase agricultural production. Agricultural credit is allocated for production activities, such as purchasing inputs (seed, fertilizers, pesticides and other chemicals), paying labour wage, and other materials. In their research, Abdullah et al. (2013) also concluded that availability of agricultural facilities and infrastructure that support the very sustainability of the activity for supporting farmers in the countryside. Likewise, Oriola (2007) in his research emphasized the importance of the availability of the facilities of the farmer as an essential element in an attempt to increase agricultural products nationwide.

### **The Influence of $X_3$ towards $X_4$ and $X_5$**

In the life of the farming community, the position and the function of institutional farmers is part of the social institution that facilitates social interaction in a community. Institutional empowerment efforts of farmers in order to increase motivation and attention in trying to produce will be more outcomes when utilizing the significance and potential of the 3 main keywords in the context of institutional, namely norms, behaviors, as well as the conditions and social relations. The significance of these keywords is reflected in the conduct and actions of farmers, both in individual actions, as well as in communal and collective action. Any decision taken will always be related or are limited by social norms and pranta of community in their environment (Suradisatra, 2008). Farmer institutional plays various roles which are significant enough, among them as a forum of learning farming and association, cooperation, and farm production unit. Besides that, farmer institutional also has role in giving feedback about the perform of technology so it can be the subject of evaluation to further improvements.

Philosophically, the need for institutional formed is to solve problems facing by farmers which can not be addressed individually. The formation of farmer institutional is embodiment process of consolidated agriculture, so as to produce optimally and efficiently. Because, with consolidated agriculture, provision of production facilities and sales results can be done together. Thus, the volume of production facilities were purchased and volume sold results become greater, so the cost per unit procurement results being lower. Rationalization of agriculture which pursue efficiency and added value will this reduce the traditional farmers. Farmer institutional is one of empowering farmers to increase productivity, earnings and farmer prosperity (Nuryanti and Swastika, 2011).

From the results of the data processing are seen that farmers gave a positive response toward the institutional

development addressed to them. Institutional development ( $X_3$ ) as measured by: the provision of production media ( $X_{3,1}$ ), production credit ( $X_{3,2}$ ), marketing and production ( $X_{3,3}$ ) gave positive influence toward the farmers self-reliance ( $X_4$ ) and farming scale ( $X_5$ ) of 0.68 and 0.61. This means the institution which contributes in providing production facilities, production credits, and marketing the results of production means and shows no small role towards the empowerment of farmers. The appropriate institution for the community of farmers in Indonesia are cooperative in accordance with article 33 of the Constitution 1945. The importance of the existence of the peasant institution in the form of cooperatives in these studies showed no different results with the results of the research of Quilloy (2005) which states the importance of the existence of a cooperative that serves the needs of farmers as empowerment effort of rural farmers. Cooperatives exemplifies the significant role and contribution in empowering small farmers in the agriculture sector.

Having regard to the position of cooperatives as peasant institution, then a cooperative role is extremely important in fostering and developing the economic potential of people and in manifesting the life of economic democracy (Cooperative Act No. 25 of 1992). The purpose of cooperation is to increase the welfare of members in particular and society in general, and another goal is sustainability business. Village cooperative for example, is a social economy institution and association for the development of the economic activities of rural people organized by the community itself. The formation of village cooperative in each village, expected to help farmers in rural communities in order to provide a sense of safe, comfortable and reliable in doing wheel economies business of village.

### **The Influence of $X_4$ towards $X_5$**

From figure 1 above, it is seen that the farmers self-reliance ( $X_4$ ) as measured by: increasing food production ( $X_{4,1}$ ), increasing land-man ratio through the setting of the eternal lands ( $X_{4,2}$ ), increasing the ability of managing the food reserves ( $X_{4,3}$ ), increasing the reach of distribution networks ( $X_{4,4}$ ) has positive and significant influence towards farming scale ( $X_5$ ) of 0.67. It shows that the improvement of farming scale has a close dependence with self-reliance of farmerrun businesses, with an increase in food results, upgrade management of food reserves, and increased the range of the distribution network has the power to increase the scale of their efforts.

Farmers self-reliance as a vital element in the increase of farming scale can be improved through human, business, and institutional development that will directly increase the income of farmers. Soekartawi (2008) stated that income is one of the socio-economic indicators of someone that is

very influenced by the resources and capabilities in the individual, for which this condition can be obtained only if the person has self-reliance. Farmers with high incomes will be faster in expanding their efforts compared to the farmers with low income. The condition above is in line with discovery of Utami (2006) which is in her research found that there was attachment closely between the independence efforts with the progress of the business.

### **The Influence of $X_4$ , $X_5$ towards $X_6$**

The process of farmers empowerment happens, is not something that is natural or "given", but rather a process implemented through the planning process, to analyze the problems or needs that must be met in order to optimally goal achievement. Empowerment of farmers is the implications of the development strategy of agriculture based on peasant society as a staple element. Associated with it, empowering of farmers always refers to the repair effort, particularly improvements in the quality of human life, both physically, mentally, as well as the economy. Empowerment itself, whether through increased education, technology, business credit, social capital, peasant institutional are all intended for the improvement of farmers 'lives' and prosperity (de Rosari et al., 2013; Omonona et al., 2014; Quillooy, 2015).

From figure 1, it is seen that the policy which is related to the empowerment efforts that led to the self-reliance of farmers in the area of research ( $X_4$ ) and the improvement of farming scale ( $X_5$ ) gave positive influence towards farmers prosperity ( $X_6$ ) of 0.69 and 0.71. This influence is very significant, these numbers showed that farmers prosperity can only be achieved if farmers are already self-sufficient in this endeavor, as well as the increase in the scale of its business. The empowerment efforts substantially in the form of human development ( $X_1$ ), business development ( $X_2$ ) and institutional development ( $X_3$ ) are basically aimed to improve farmers prosperity as the direct perpetrators of the agriculture sector in order to contribute directly to the national economic sustainability. Tras (2012) in his research also stated that economic sustainability is influenced directly by the diversification efforts and self-reliance of farmers. Without a prosperous farmer and motivated to try, there can be no increase in national economic development.

### **Policy Implication**

Agricultural development must become a national development agenda in the coming years. The intent is to let the people's economic growth can take place quickly. It must have real steps. The strategy centers on the attempts of pushing the acceleration of change in the structure of agriculture and farmers' role in the national economy. Structural changes include the process of change

from traditional agriculture to modern agriculture, from weak agriculture to tough agriculture, and from dependency into independency. Thus, agriculture of people can become a strong agriculture, large, modern, and high competitive power through changes in structure.

In terms of realizing these changes, several strategic measures of empowerment that needed to be taken in establishing the wisdom that can be reached is: first, the development of agriculture as a human resource. Human resource is the first and major efforts to look for in each community empowerment efforts (Mardikanto and Soebianto, 2013). Empirical data was seeing that one of the causes agriculture of peoples in the area of research does not develop is the education level of farmers which is relatively still low. Low level of education will lead to low ability and quality of farmers in understanding and anticipating its business activities, both in the field of production management, marketing strategy, and business technology. When the condition is very contrary to the concept of modern agriculture which using information technology (ICT) as a basis for the empowerment of farmers (Uphoff, 2012). In contrast to other countries were being very strong in agriculture such as Australia, South Korea, Japan, US, and Western European countries, the educational level of the majority of farmers in Indonesia is still very low.

The second, business development. Empirical data shows that the limitations of capital which will be used for a business is a major problem in addition to human resources. The capital is an important aspect and the most important in business life. Support of available capital gives a wider chance for farmers to develop their agriculture business. Lack of capital caused farmers feel difficult in facing limitations in the structure of conditioning, access limitations, as well as the limitations of the network business.

The shortage of capital which faced by many farmers due to the limitation of credit facilities specifically for farmers on the one hand, and their limitation towards financial facilities which is provided by formal financial institution (bank) or non-bank on the other hand. The existence of a tendency that the farmers rather reluctantly attended a formal line, especially since quite a large number of economic and administrative requirements that must be met. Bureaucratic lines that should be fought for utilizing credit packages is also tends to foster the kind of discriminatory nature on various credit packages. Due to the difficulty to obtain working capital and investment of these financial institutions, the common farmer prefer holding loans to private lenders who provide debt relatively more easily, even though paying relatively high interest rates.

Based on such phenomenon, ease in financing for farmers should still be given in the future, given the still large number of farmers who could not get credit because

not bankable (Kuncoro, 2008). Access to capital is often seen as the key to success in establishing and developing a business venture (Efrata and Herdinata, 2012). The role of capital is essential, strategic, being one of the key factors in the process of economic development and very influential with the volume of business, production, and an increase in the income of a business economy (Riniwati, 2011).

In addition to the problem of capital, not less importance of the development of business information systems and the development of the infrastructure that supports is absolute thing for the agriculture development effort. Business information limitations lead to the growth of many rural farms in Indonesia become stunted. The first issue is scarcity of resources with the needs of farmers. The information provided by the government and relevant agencies sometimes do not depict real conditions about the activity of the farmer. Therefore many farmers do not utilize formal sources. The second issue is the poor ability of assessment towards the farmers as a result of the lack of a systematic approach that is owned by the institution of information in assessing the information required of farmers. As a result most of the farmers are classified as an unworthy attempt to obtain information from the institution of formal information. The third issue is the low accessibility of agricultural business against the source of the information. The spread of extensive effort which is not followed by adequate network of group work so that information about the sources is also limited (Eriyatno, 2012).

Third, institutional development. The farmers group is defined as a group of farmers who were bound informally in a group region on the basis of harmony and shared needs as well as be in the sphere of influence and leadership of an agricultural contacts. Farmers groups formed by and for farmers, in order to tackle the problem together in an attempt to strengthen the farmers bargaining position, both in the market of facilities as well as the market of agricultural products. The success of the farmer groups in running his business will certainly depend on the active or no member in the group. If the member do not actively participate in the activities of the group, then the group will likely fail to reach the goal of a group because the group is a mix of farm owners, managers, customers, and workers who in fact are members of the group itself (Stockbridge, et al. 2003).

Suradisastra, et al. (2009) revealed that the institutional evolution occurs due to the influence of internal pushing factor that stimulates the institution member to change into different condition with the condition at this time, in accordance with the needs of the members. The existence of external pulling factor accelerates the process of institutional evolution towards the expected community. Aligning institutional technology of traditional socio-technique to modern economic institution should

consider the repositioning process of the role of caretaker and organizational structure. Therefore it is necessary coaching step and impersonal model formulation of institutional, but the implementation strategies are specific locations. Institutional function shows the diversity and the specific location depends on institutional social conditions, ecological and the availability of supporting technology.

On the other hand, the existence of the agricultural extension officers require high dedication and empathy to the fortunes of farmers in doing its job in conveying the message of technology and goals target that will be targeted (Musyafak and Ibrahim, 2005). The latest phenomenon where farmer groups have sprung up and are used as a "tool" to disburse funds from the government without evaluation process and without accompaniment in a sustainable way will engender dependence individuals and farmers groups to help, eliminate the attitude of self-reliance of farmers. Sejati, et al. (2002) argued that agricultural development in the village had never focused on the realization of the structure and organization of rural society. The structure and rural economic organization which exist did not give meaningful probability for realizing strong rural economy and have high independence. Further more, the strategy of rural community organization in the scope of national development and controlled by the central government, is seen as instrument to launch a program of physical development and material culture.

## CONCLUSION

This research aims to analyze the empowerment efforts towards self-reliance and sustainable prosperity for paddy farmers in South Sumatera. It is important because empirically the agricultural sector which is growing and evolving plays an important role in building national economic fundamentals. In the economic crisis that happened some time ago, where many large-scale business stagnated even stop its activities, agriculture proved to be more resilient in the face of the crisis.

Based on the results of research which using sample as many as 250 paddy farmers as respondents, it was obtained a discovery that the empowerment efforts which include human development, business development, and institutional development which involved in the model provided a positive and significant influence in shaping the self-reliance and the improvement of farming scale. Further more, self-reliance and farming scale can be foundation for the improvement of the prosperity of farmers, namely in the form of the development of the structure of income, development for food expenditures, and the development of the farmer's exchange rates. It proves that government's role is indispensable in order to prosper farmers in the future, because as an agricultural country

the agricultural sector should be the backbone for the national economic development.

## SUGGESTION

Rural agriculture as the people's economy means that the national economy is rooted in the potential and power of the community extensively in administering the economy nationwide. The economy of the people is indigenous economic activity, instead of the economy that are coming from outside the community. Agriculture of the people is an effort of a rural community groups which is thriving slowly because there are many obstacles faced, so this agriculture of the people must be empowered in order to they can still exist in trying and giving maximum contribution for GDP.

Sustainability human development through specified policies, either through the development of individual capacity, development of institutional capacity and development of system capacity must always be done in an attempt to overcome the weaknesses of farmers in the field. Business coaching with regard to the selection of the commodities have to be, the determination of sources of financing, production and operations management, business information systems development, and development of facilities and infrastructures that support should be given to the ease and supported so that farmers can be assured in this endeavor. And institutional development of the form of the provision of production facilities, production credits, production marketing should always be provided and secured so that farmers can more quiet and safe in developing his business. If all of this can be realised in real and synergize, it is not impossible if sustainability farmers prosperity can be achieved.

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