

The significance of social relations in rural development: A case study of a beef-cattle farmer group in Indonesia



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ABSTRACT

The annual demand for beef has been increasing in Indonesia. One of the government strategies to develop cattle production and empower cattle farmers is by developing farmer groups to support farmers and promote entrepreneurship. This article explores the work of a farmer group called BPWU which employs internal and external social networking to empower farmers in the villages. The research questions are the following: (1) What are the strategies used by BPWU to develop its business? and (2) What are the impacts of BPWU existence in providing social changes to its surrounding population? The data were collected from July 2015 to December 2016 using interviews, observations, and focus group discussion. Based on the findings, the farmers' livelihoods have improved because of the building of social relations internally and externally. The internal social relations were developed among cattle farmer groups related to BPWU, whereas the external social relations were built with local residents, educational institutions, officials of the Animal Husbandry of Tuban Regency, officials of the Ministry of Agriculture, financial institutions, and cattle traders from various areas. BPWU has managed to open work opportunities, impart a technological change in beef-cattle cultivation, increase the beef availability, and contribute to rural development.

1. Introduction

According to the Central Bureau of Statistics of Indonesia (*Badan Pusat Statistik* or *BPS*), in 2015, the total population of Indonesia reached 254.9 million. Most of the population live in rural areas and rely on the farming sector. Small-farmers in Indonesia raise cattle, in addition to growing crops. Cattle farming is traditionally considered as an investment, as the cattle are only sold when there is a sudden need for an additional income. This results in inconsistent and unreliable supply, which is unable to satisfy market demand. Some farmers even consider that having cattle is a sense of pride, i.e. the more cattle they have, the higher their social status is in the village. In this case, it is important to discover the view of the beef cattle farmers towards the implication of their membership in a farmer group for rural development.

The demand for beef in Indonesia continues to increase as a result of economic growth. In addition, as the majority of the Indonesian population are Moslems, the demand for meat (particularly cows) increases sharply during Eid al-Adha holiday around September-October. The same situation also happened during the fasting month and Eid al-Fitr holiday around July-August. According to the 2013 Agricultural Census by BPS, the population of cattle in May 2013 was 14.17 million, which decreased by 2.56 million from June 2011, which was 16.73

million cows. The increase of beef demand reached 4.43%, while the production growth was only up to 2.33%. Thus, there was a gap in demand. This was covered by importing beef from other countries. In three years, from June 2011 to May 2013, there has been a decrease in the number of domestic cows by up to 15.3%. To date, these have always been a gap between supply and demand of beef. Domestic production can only satisfy about 45% Indonesian demand for beef.

According to [Rustijarno and Sudaryanto \(2006\)](#), the policy of cattle development in Indonesia is conducted in two ways. The first is the intensification of beef cattle farming by providing more seeds, solutions to parasites and diseases, funding aids, fodder, and marketing. The second is the increase of the quantity and/or quality of production per cattle through the utilization of quality seed, cattle fodder, and applied management. Cattle farming is regulated under Law No 18-year 2009 on Animal Health and Farming. The government needs to facilitate and supervise the quantity and quality of the meat product supply to achieve the *halal* requirement, as well as safety, nutrition, and health requirements. The public and private sectors play important roles in achieving the provision of cattle products through production activities, import, marketing, and distribution of beef cattle products ([Bamualim, 2011](#)).

Despite the efforts made by the government, beef demands still cannot be fulfilled by domestic products and relies on imports to meet

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demand. Indonesia is still in a deficit of beef. The lack of supplies is the result of partial livestock breed that does not guarantee continuity. According to [Tawaf and Kuswaryan \(2006\)](#), the government policy in developing cattle production is still top down. This policy needs to be changed. The farmers, who are the main players in cattle production, should be the main focus of the efforts to make the cattle production and the welfare of the society increase. The efforts to increase the production of cattle farms involve human resources. They also require capitals, assistance, and training from the government and private parties.

In developing countries, especially in rural areas, cattle production is one of the important aspects of poverty alleviation ([Kristjanson, Mango, Krishna, Radeny, & Johnson, 2010](#)). The estimated number of poor population in the world is about one billion, and most of them depend on cattle farming as an occupation ([McDermott, Staal, Freeman, Herrero, & Van de Steeg, 2010](#)). One of the efforts to improve cattle production is setting up a livestock farmer group. According to the Regulation issued by the Minister of Agriculture in 2013, Number 82/Permentan/OT.140/8/2013, a farmer group is a collection of farmers, ranchers, or planters formed on the basis of mutual interests in a common social environment with similar resources or commodities to improve and develop the livelihoods of the members. A farmer group is a non-formal institution that grows and develops from and by farmers. A farmer group can be made into a formal institution after the members agree to form a KEP (*Kelembagaan Ekonomi Petani* – a farmers' economic institution) which can develop into a BUMP (*Badan Usaha Milik Petani* – a farmers' owned enterprise). According to the Law Number 19 Year 2013 about Farmer's Protection and Empowerment, KEP is an institution of a farmer group that can develop agribusiness for the main products of the farmers' area. The enterprise for developing the KEP is called BUMP. One of the farmer groups that has developed a BUMP is BPWU (*Bumi Peternakan Wahyu Utomo*) farmer group that has several economic activities for empowering the farmers, particularly in supporting the availability of domestic beef demand.

Some studies about the patterns of social relations among farmers and breeders have been adopted in Indonesia. The patterns of internal and external social relations are adopted by the farmers of Kebonrejo Village, Kepung District, East Java. Social relations are built to sustain and develop farming businesses. The number of social relations built by farmers is influenced by their characteristics (i.e. rich and poor farmers) and their economic activities. Rich farmers in the village who own more than one hectare of land develop social relations internally (family, laborers, etc.); they also build social relations externally with bureaucrats (Department of Agriculture), financial institutions (banking) and non-formal agents (i.e. investors, traders in particular city, owners of agricultural drug stores and others) ([Rustinsyah, 2013](#)). Similarly, dairy farmers in Telogo village, Tukur sub-district also build social relations internally (i.e. family, workers) and externally (i.e. cooperatives and investors) ([Rustinsyah, 2012](#)). However, research on the pattern of social relations by cattle farmers (smallholder beef cattle) in Indonesia has not yet done. We need to study social relations in order to provide a way of developing consistent domestic beef supplies to meet demand and facilitating the development of farming and rural areas.

This study focuses on a farmer group that has experienced good progress and obtained a legal entity as a formal institution. The name of the farmer group is BPWU (*Bumi Peternakan Wahyu Utomo*). BPWU provides guidance on cattle cultivation techniques, engages in purchasing and selling livestock, has a saving and loan cooperative for its members, and has a number of business activities. According to the [World Bank \(2008\)](#), the formation of a farmer group or cooperative is one way to improve farmers' access toward the market. A study conducted by [Höhler and Kühn \(2014\)](#) have shown the significance of cooperatives in the European food supply chains. A cooperative will increase the bargaining power in marketing ([Castella & Bouahom, 2014](#)). Similarly, BPWU cattle farmer group has formed a cooperative named "KPWMU" with the Law Entity 01/KOP-WMU/ XI/2005. The

cooperative comprises 254 members of cattle farmers, farm employees, etc. The activities of the cooperative include savings and loans, waste processing into animal feed concentrates, the processing of waste into organic fertilizer, checking the health of livestock, selling the medicine for livestock, cattle trading, sales of meat and processed beef (e.g. meatballs). This is in line with the program of the International Fund for Agricultural Development (IFAD), that opening access to the market is an important part of poverty alleviation in rural areas, particularly in relation to the Sustainable Development Goals.

In order to develop the cattle farmer group, as one of the economic groups of farmers, the group needs to develop its social relations or networking. In this case, social relations can be horizontal or vertical. [Barkan \(2011\)](#) stated that a horizontal social relation refers to the social relationships with physical characteristics of communities to which individuals belong, while vertical social relation refers to ways in which a society or group ranks people in a hierarchy. BPWU farmer groups always try to maintain good horizontal and vertical social relation. The horizontal social relation with the community members is needed because the BPWU may need workers from the community members and create some problems such as cattle manure smell and increased air pollution from the transportation activities. The vertical social relation with the authorities, from the village government until the national government, is needed to ensure legal support and protection in developing the business.

[Hooks, Macken-Walsh, McCarthy, and Power \(2017\)](#) mentions resilience, i.e. a collective action between and within farm families, is most deterministic of long-term survival. [Granovetter \(1985\)](#) explains how one economic organization contains many interpersonal relations and larger social structures. [Greve and Salaff \(2003\)](#) emphasize that networking is a very important asset in accessing sources in business development. An effective homogeneity or heterogeneity network depends on how far the network can be exploited ([Catherine Ehrlich, 1994](#); [Renzulli, Aldrich, & Moody, 2000](#)). [Johannison and Nilson \(1989\)](#) emphasize the importance of networking for successful business development. Networking plays an important role in encouraging business ([Wasserman & Faust, 1994](#); [Zhao & Aram, 1995](#)). In addition, indigenous knowledge to manage natural resources is also a key factor ([Juanwen & Quanxing, 2010](#)).

The dynamics of the social relations among the cattle farmers are interesting to be discussed. [Weber \(1978\)](#) found that social relations in an open and capitalized community tend to be more impersonal. In this case, the social relations were built by the beef cattle farmer group can be in the form of patron-client relations. According to [Scott \(1972\)](#), a patron-client relations is a special case of dyadic (two-person) ties in which an individual of higher socioeconomic status (patron) uses his own influence and resources to provide protection as benefits for both, for a person of lower status (client) who for his part reciprocates by offering general support and assistance including personal service to their patron. Furthermore, [Auyero \(2001\)](#) stated that in a patron-client relation, the client does not feel exploited, instead the client receives benefits and protection, as well as to be assisted in problem-solving.

A study on the social relations of a co-operative for cattle farmers in Indonesia has been conducted by [Rustinsyah \(2012\)](#), but it focuses on dairy farmers and the main product is cow milk. Another study by [Rustinsyah \(2013\)](#) explores the model of contractual relations among farmers, between farmers and investors, and between farmers and owners of agricultural drug stores who usually provide credit for agricultural needs. Consequently, there is no study that has explored the social relations of a co-operative and Indonesian cattle farmers whose main product is beef.

This article explores how a beef cattle farmer group employs social networking with internal and external social relations to empower farmers in villages in Tuban regency, as well as those from other areas in East Java Province, Indonesia. The research questions are the following: (1) What are the strategies used by BPWU to develop its business? And (2) What are the impacts of BPWU existence in providing

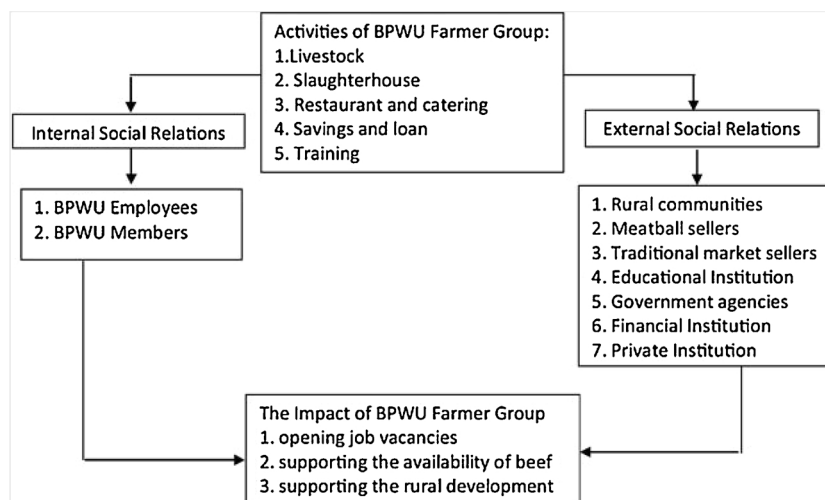


Fig. 1. Social Relations and the Impact of BPWU Farmer Group.

alt-text: Fig. 1

social changes to its surrounding population? This paper is divided into five parts. After this introduction section, there is the research method which explains how the data were collected and analysed. After that, there is an overview of the history and development of BPWU beef-cattle farmer group, followed by the results and discussion of the findings. Finally, a conclusion is drawn based on the results and discussion of the study.

2. Research method

This study was conducted at BPWU which manages more than 1000 cattle and employs 30 staff members for raising the cattle. To develop the cattle farmers, BPWU owns business activities from production to distribution. Raising beef cattle can support other business activities such as abattoir, restaurant, and catering. BPWU experiences growth in the development of beef cattle farming to support the self-sufficiency of beef in its area. The research was conducted at the village where BPWU is located. The data were collected from July 2015 until December 2016 using a qualitative approach, which includes observations, interviews, and focus group discussions.

The qualitative approach used in this study is expected to generate rich, contextual, and valid data which can be used for answering the research questions. This approach was implemented to explain how people, contexts, and events (for example how social relationships are constructed) in local contexts can be identified from individuals' life experiences (Karnieli-Miller, Strier, & Pessach, 2009). The groups and individuals involved in this study have given their consent to be identified in the publication of this study. The stages of the research are as follows. First, in July 2015, observations were conducted to identify the social relationships built by the BPWU farmer group. The observations were conducted by visiting the cattle breeding area, the abattoir, and the restaurant in the BPWU complex. In this case, the researcher was able to observe directly the business process from the breeding of the cattle until the selling process. The observation was also conducted on the training process, the handling of the catering business, and other activities of BPWU.

The second was conducting in-depth interviews. The interviews involved the head of BPWU in order to obtain information about the development of BPWU farmer group, the cattle group farmers, the staff members, and the work partners of BPWU. The interview with the head of BPWU was conducted to obtain information about the history and development of BPWU. The interviews with the cattle group farmers provided information about the development in the cattle farming business in this area. The interviews with the staff members were

conducted to obtain the details of the work of the staff members, particularly those who work at the cattle breeding, abattoir, and restaurant. The interview was designed to find out the work situation, work process, salaries, and other work-related information. The work partners of BPWU that were interviewed include the meatball sellers, training participants, traders from Tuban and outside Tuban, and government officials from the department of animal husbandry.

The third was conducting an FGD (Focus Group Discussion) with various stakeholders, including the beef cattle farmers and the people working in the farming activities, production of cattle feed, medicine, abattoirs, restaurant business, and catering. The FGDs were conducted at the office of BPWU right after the training was conducted by the management of BPWU. The number of participants in each FGD is between 8–11 people.

The qualitative data analysis employs Attride-Stirling (2001) framework. At the first stage, transcribing data of recordings, notes, and observations was done. Some recordings were in Javanese and Indonesian. These recordings were re-written in the Indonesian language. Second, the interview data were coded. According to Miles, Huberman, Huberman, and Huberman (1994), codes are labels which contain the whole or segments of transcripts; they are used to identify key concepts. The coding was done until data saturation was reached. This means until no new concepts were found. The third is developing code structures for producing a report based on the research themes. Last, after the themes had been identified, they were analysed and interpreted in order to answer the research questions.

The conceptual framework of the social relations and the impact of BPWU farmer group is shown in Fig. 1.

3. The history and development of BPWU cattle farmer group

BPWU is one of the cattle farmer groups in the village Sukolilo, Bancar sub-district, Tuban regency. This farmer group was established in 2003 with the name of Wahyu Utama (WU) Cattle Farmer Group and chaired by JWU. In Indonesia, according to the latest data provided by the Central Bureau of Statistics, there were 161 organizations similar to BPWU (Agricultural Census Result Report, 2013). BPWU is similar to these other organizations in terms of the following aspects: (1) they were managed professionally for profit, (2) their employees get wages or salaries, (3) the administrators are given incentives according to their tasks; and (4) its members comprise villagers from several villages. The differences are the following: (1) BPWU is not supported by an investor, while some similar organizations may be supported by investors; (2) the farmers involved in BPWU do not get salaries, and (3)

their members are all only farmers in the particular village. In this case, BPWU is similar to a co-operative as it is owned by the members and that each member has one vote in a general meeting of BPWU. In addition, some of the profits are reinvested in the business and some others are paid to the members annually.

Österberg and Nilsson (2009) show that cooperatives' degree of success is closely related to the members' commitment towards co-operatives, and members' trust to the leaders of the cooperatives. Therefore, in this study, the background of the leader of the cooperative is described in this section. The leader of BPWU, i.e. JWU, came from a poor family, but he has high motivation in working. In 1980, while studying at SPMK (*Sekolah Pertanian Menengah Kejuruan*–Agricultural Vocational High School), he also worked at Pangestune Restaurant. He was paid a salary of 25 cents per day. He used the money to pay for his tuition fees. After he graduated from SPMK, he continued studying at the Faculty of Education at Ronggolawe University, in Tuban. After the graduation, he was confused about what field he was going to work in, but he eventually chose to be cattle breeders. Initially, he was raising chickens with capital from his savings during his work at the restaurant. His chicken farm had about 100 chickens, but then they were struck by diseases, so all the chickens died. After that, he tried to plant watermelons by renting a piece of land, he suffered a loss again due to the poor harvest.

In 1991, he got a job to manage a restaurant branch near Purnama Hotel. He managed the restaurant diligently, and he bought the meat for the restaurant by himself every morning at 4 a.m. at Jatirogo Market. At that time, there was only one beef seller in that market and there was no abattoir in the village. He then decided to go to the Department of Animal Husbandry in Tuban Regency to find out how to obtain a permit for cattle abattoir. It turned out that it only required a low cost at USD8 to obtain permission to open an abattoir. From that, he ventured to set up an abattoir and bought one cow. His friends in his village entrusted him with some investment, so he could buy three more cows. His initial success enabled him to buy a piece of land. To develop his business, he used his land certificates collateral to borrow money from a bank. When this study was conducted, he already has 15 ha of land used for beef cattle farm in Sukolilo village.

In 2003, he invited his local communities to form a cattle farmer group. He also introduced a method of cattle fattening by using animal feed concentrates and grass. This farm group was supervised by the Department of Animal Husbandry of Turban Regency and it has developed well. The cooperation pattern between farmers-breeder, BPWU Farmer group and government can be called as contract-farming. In the late 20th century, contract-farming becomes important in agricultural and food industries for developing and developed countries. Those phenomena are driven by (international) competitive changes, such as

consumer demand, technology, government policies, and harmonized agricultural system to fund integrated production, processing and distribution activities (Bijman, 2008).

In 2009 BPWU obtained a national award from the Indonesian Ministry of Agriculture for their achievement in developing food security. Several awards have also been obtained from the district level until the national level. The will of BPWU to empower the villagers in farming and cattle breeding was appreciated by the government, so in July 2010 they were certified to build P4S (*Pusat Pelatihan Pertanian dan Pedesaan Swadaya*– Self-Sufficient Agricultural and Village Training Centre). At the same time, the group also found a WU cooperative for the members and partners of BPWU. This cooperative is intended to facilitate partners and workers in BPWU to engage in saving and loan activities. Levi and Pellegrin-Rescia (1997) describe a cooperative as being the only form of business with a clear entrepreneurial component where the subordination of the economy to the social is in the logic of the organization and stipulated by law.

BPWU has also established cooperation with AIP-Prisma (Australia Indonesia Partnership) to initiate training to cattle farmers about modern cattle farming, i.e., speeding up cow fattening in four months, cattle health, etc. In total, BPWU provides training for 2500 people annually. In 2015, BPWU with its P4S provided training to develop pioneers in villages of Tuban and outside of Tuban. Visitors, researchers, interns, and business partners can stay in the area of the administration office, where there are ten bedrooms equipped with beds, wardrobes, toilets, and fans or ACs. Guests do not need to pay for anything. In some cases, they are even provided with meals for free.

Many people from various areas in Indonesia and overseas come to BPWU to buy cows, learn cattle farming, do internships, do research, and initiate partnerships with cattle farmer groups. After joining the training, a number of cattle farmers from the surrounding villages in Tuban are interested to become partners of BPWU. Five overseas cattle farmers from Burma and Thailand also came to learn cattle farming for one month. During the training, they are accompanied by translators from Surabaya to ease the communication.

4. Results and discussion

Before BPWU existed, the farmers were not organized and did not have networking opportunities. With BPWU, social relations have been established well. Based on the data collected and analysed, a summary of the social relations built by BPWU Farmer Group can be created. This is shown in Fig. 2. An explanation of these social relations is presented in the following sub-sections.

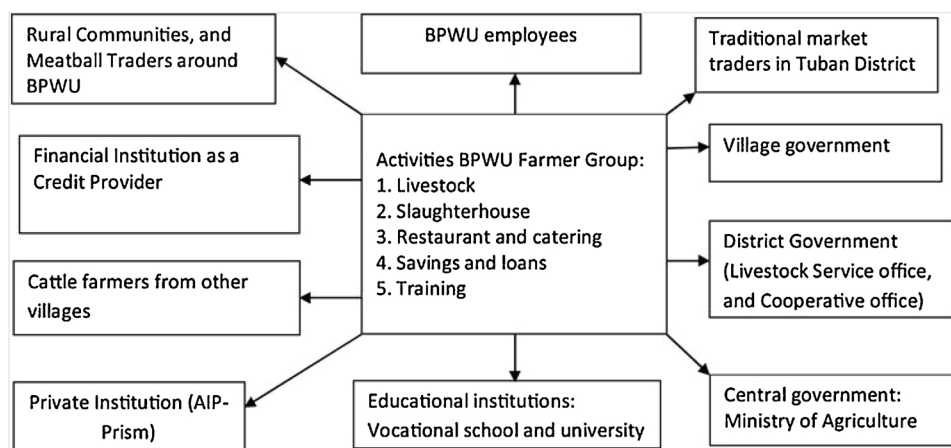


Fig. 2. Social Relations in Business Development by BPWU Farmer Group.
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4.1. Building social relations with the employees

Building relations with the employees who work for cattle and business activities (livestock, restaurant, catering, and abattoir) are important. There are 30 staff members employed in BPWU, 30 employees in the restaurant and catering, and 13 people working in the abattoir. Generally, those working on the farm are men from the surrounding villages. Some workers feel lucky to work in BPWU because it is close to their house; they also get lunch on the farm. Meanwhile, those working in the restaurant are villagers who only graduated from junior high school. The head of BPWU mentioned that he preferred to train junior high school graduates than university graduates, because those having university background will be easy to leave the job and find other jobs in the city.

The pattern of the relationship between BPWU's chairman with the monthly fixed wages workers is similar to patron-client relationship mentioned by Scott (1972). The patron provides incentives and helps the health issues of their workers to keep their comfortable and long last relationship. The existence of workers is still highly necessary, in order to ensure that the economic activities at BPWU can run smoothly.

The average staff salary is USD 120 per month or more depending on the job. This amount is similar to the provincial minimum wage. However, they also get free meals and incentives for reaching the target or getting profits. The amount of the incentive varies. For example, those who work in the abattoir will get 10% of more salary received when the sale of beef reaches the target of three cows per day. Those who worked as a butcher have a certificate of "Juleha" (*Halal Butcher –Juru Sembeleh Halal*). Workers in the cow-breeding section get incentives if they can increase the weight of the cow one kilogram per day over four months. The incentive is USD12 to USD15 per cow when the cows are ready for sale. The employees also receive Religious Holiday incentives and free medical treatment. This remuneration model causes employees to feel at home. Most employees have worked for five years or even more.

BPWU activities have assisted the government in creating jobs. Several informants said that the BPWU existence is advantageous because it opens job opportunities and increases the village farmers' income. As a BPWU staff said:

"The existence of BPWU benefits me and my friends in this village. I have worked in BPWU for ten years. I work here because I get a good salary, a meal, and it is near to my home. And, if we are sick, we can get free medical help and the head of BPWU is also very kind to us".

BPWU also runs a restaurant, and it employs older people to do the cleaning jobs. One of the cleaning service staff said:

"I already have more than five years working in this restaurant. My job is as a cleaning service staff. I am in charge of cleaning the floor of the restaurant, place of worship, and the parking lot area. My salary is fine. I cannot mention the number, but I still can buy food and meet my other needs".

Some non-permanent workers (such as caterers, restaurants) usually come from the vocational schools. They are students who join the internship program for 3–6 months, and they usually get pocket money directly from the chairman of BPWU. They are usually hired when the job volume at BPWU is very high, e.g. on Saturdays and Sundays, or when there is a special event.

The existence of BPWU with their numerous activities provides benefits for the surrounding villagers, i.e. a) opening work opportunities for everyone, i.e. male and female, young and old, and even formal and non-formal educated villagers ;b) the workers do not need to leave the village and do not need transportation since it is near their houses; c) the workers will get enough wages to meet their needs ;d) the workers are provided with meals from BPWU's restaurant; and e) the workers are provided with medical assistance from BPWU.

4.2. Building social relations with the surrounding communities

The existence of BPWU is beneficial to the development in this village because it assists village development and activities. As mentioned earlier, in this area, it is difficult to get water and the farming systems generally rely on rain-fed water. It is difficult to find grass for the cows. Therefore, BPWU farmer groups use concentrated feed. The raw materials for making the concentrated feed consists of 12 types of agricultural waste such as rice bran (powder of bark rice), salmper (skin of corn), Caucasian coffee, coffee husk, salt, soybean skin (stem soybeans that have been dried and crushed to powder), molasses (used as an adhesive between the layers of materials used), cassava (dried cassava), urea, polar (wheat bran), mustard cake, copra (coconut oil waste), and water spinach. Each layer has a thickness of 20 cm. These raw materials are provided by the villagers who often come to BPWU to sell these products. These are actually agricultural waste, but the people can still get some money from it by selling it to BPWU.

The presence of BPWU in this village with more modern farming patterns can develop and provide benefits to local communities. Moreover, BPWU also provides funds for the elderly and poor people in the village. Based on the information from the head of Sukolilo village, this study found that BPWU has provided funding for building infrastructure. For example, for the mosque construction, BPWU provided 500 million rupiahs (USD 36,000). BPWU also gave free groceries for the elderly and the poor in Eid Al-Fitr holiday. Moreover, on Indonesia's independence day, August 17, and other major Islamic days, BPWU always contributed funds for the village. The social relations built by BPWU and the local community are used to gain sympathy from the villagers and minimize the protests, since the existence of farms sometimes cause bad smells or odours that make the surrounding communities feel uncomfortable.

The BPWU has abattoir. The existence of the abattoir can accommodate the beef needs of the people in Tuban since BPWU distributed products in the four sub-districts. As said by BPWU staff in the abattoir section:

"This abattoir also provides meat for meatballs and the condiments. There are 600 meatballs sellers as BPWU's customers; 100 sellers in Kragan and Sarang's Market, 300 sellers in Tambakboyo market, and 200 traders in Bancar market. The meatball traders feel very lucky, since they have less effort to prepare the meatballs by themselves.

The abattoir can correspondingly empower the surrounding population to trade meatballs. Meatball sellers usually come to the abattoir at five in the morning. As Marni, a woman meatball seller in an elementary school, said:

"Every morning at 05.00 I went to the abattoir to buy dough of meatballs. With USD5, I can get ¼ kilogram of beef, ½ kilogram of chicken meat, and other condiments such as flour and others to make meatballs to sell in the elementary school. The daily sales of meatballs are about USD10.7. So, I can get a profit of USD5.7 per day."

The social relations between the chairman of BPWU with the meat buyers and meatball sellers are a rational relationship, the term proposed by Weber (1978). BPWU as a trader always provides good services to keep their customers loyal, such as providing a workshop in making meatballs and providing the raw material with good quality and adequate quantity.

4.3. Building social relations with educational institutions

BPWU receives students from SMK (*Sekolah Menengah Kejuruan Pertanian*– Agricultural Vocational Senior High School) to have their internship. The students from SMK who major in hospitality are in the restaurant and catering, whereas the veterinary students have their internship at the farms. They are provided with a place to stay and meals. BPWU also provides rooms for guests who do internships, research, establish business contacts and others. Guests get three meals a day at the restaurant. According to one of the workers on the farm,

"Those students who have their internship here feel happy because they have a place to stay, meals and even pocket money". The statement was confirmed by one of the students who said: "I can work and practice for my final project, and I also get pocket money from Mr. Joko". The relationship pattern between BPWU and vocational institution is a contractual relationship, since there is a contract or agreement based on the student workload and the time implementation. To maintain these social relations, the hard-working students are usually given pocket money.

BPWU also has cooperation with a university in the field of research and processing of meat. The cooperation with the Faculty of Veterinary Medicine, Airlangga University has produced a probiotic product that is very useful for waste processing of cattle manure used as Bokashi fertilizer, which is not as smelly as regular cattle manure. This cooperation has also managed to produce supplements to enhance livestock health. This can be called rational social relations (Weber, 1978), since the higher education gains research data for science development particularly on livestock development. On the other hand, BPWU gets the results of the research to be applied in their work.

4.4. Building social relations with government and financial institutions

Build social relationships with local, central government, and financial institutions. BPWU beef-cattle farmer groups to establish social relations with the Department of Animal Husbandry Tuban Regency. Social relations with the Regional Department of Animal Husbandry are used for guidance, assistance programs of the government. For example is the Artificial Insemination for beef cattle. BPWU get artificial insemination services, obtain permission to establish the existing abattoir in his backyard and etc. BPWU abattoir produced about 3 or 4 cows daily. However, on the Eid Al-Fitr the number of cows increased due to increased demand for meat. The government is currently building a large-capacity abattoir next to the house of the head of BPWU so BPWU plans to slaughter the animals in the new abattoir. The abattoir is located by the sea, making it easier to get water to clean the abattoir.

The social relations with the national government are shown with the fact that BPWU was awarded a national level achievement certificate. This means that BPWU beef-cattle farmer group has received an award from the village, sub-district, and district, provincial and national levels. The awards for achievement are for several things, among others: a) the award of food security efforts through the development of agribusiness food by the Indonesian Ministry of Agriculture in 2009; b) the winner of calf cattle competition of the Governor of East Java in 2010; c) the winner of Tuban District Livestock Contest in 2013; d) the winner of best breeders in East Java province in 2007; e) awarded by the Ministry of Agriculture in 2013 to establish a Governmental Agriculture Rural Training Centre (P4S); and other awards. BPWU has been trusted by government institutions to provide training not just for the farmers in Tuban district, but also for the farmers from other districts and provinces in Indonesia. Because of its excellent achievements in various areas, BPWU has been acknowledged by several presidents of the Republic of Indonesia, including the current president. The social relations between BPWU and the government are social symbiosis relationships in which benefited and have a positive impact both for the BPWU and the government. The government implements a program for developing livestock to meet the national needs, and BPWU gets the technology knowledge and assistance for livestock development and other businesses.

In addition to the social relation with the government bodies, the social relation with a financial institution is also important for a farmer group and a cooperative. In South Africa, *Ortmann and King (2007)* show that the success of agricultural cooperatives was achieved with a good relation with a Land Bank that provides subsidized loans to commercial farmers. To get bank loans, BPWU created a cooperative. The activities of savings and loans by this cooperative are only for BPWU members. The existence of this cooperative makes easier for

farmer-breeders to borrow a larger amount of money from a commercial bank. Currently, the BPWU farmer groups establish social relations with Syariah Mandiri Bank. The members of the farmers' group can borrow money from the bank with a BPWU recommendation by using their land certificates as loan guarantees and proper cow sheds. The recommendation was given if they have been training in BPWU. The cattle farmer's loan through the credit of KKP-E (Food and Energy Security Program) as a government program (i.e. from the Directorate of Agricultural Financing; Directorate General of Infrastructure and Agricultural Facilities, Ministry of Agriculture). The cooperation between BPWU and the bank has assisted in increasing beef cattle breeding, productivity, and quality of beef cattle. The social relation between farmers and a bank as a credit provider are a contractual relationship, because there is an agreement between the farmers and the financial institution. This relationship also occurs among farmers who borrow money from banks for their farming needs, and between farmers and agricultural suppliers that provide agricultural inputs.

4.5. Establishing social relations with other farmers and private institutions

BPWU built relations with other farmers from other areas and with private institutions. In this case, BPWU provides training in cattle farming technology to livestock farmers. The training is free of charge. BPWU also involves private institutions namely AIP-Prisma as a trainer. AIP-Prisma provides animal health's trainers. This partnership is aimed as an effort to solve animal health problems and environmental issues which often occur in rural areas in Indonesia. The training participants of BPWU came from villages in Tuban, and other villages in East Java, Central Java, and even from outside Java Island. The trained cattle farmers who are from the villages in Tuban were then expected to initiate a cooperation with BPWU. They become the pioneers and are expected to give examples in breeding the beef cattle in their villages. The amount of profit depends on the weight growth of the livestock. Here is an example

On May 26, 2014, a rancher Kafi took four cows weighing 308 kg, 381 kg, 348 kg, and 344 kg. The total weight was 1381 kg of cows at Rp 40,000 per kilogram. So, the total price for the four cows was Rp 55,240,000. Then on November 14, 2014, the total weight of the four cows became 1846 kg. So, the price becomes Rp 73,840,000. The margin in price between collection and harvesting is Rp 18,600,000. If the cost of the cow's feed and maintenance is Rp 25,000.00/cow/day, the total expenses are $4 \times \text{Rp } 25,000 \times 120 \text{ days} = \text{Rp } 12,000,000$. Consequently, the profit is Rp 6,600,000 for the livestock farmer who keeps the cows for four months.

The farmers may sell their cows to any other party, or they can also resell their cows to BPWU at any time if they buy the cattle from BPWU. This makes it easier for the farmers and it provides assurance for the cattle farmers to be able to sell their cows at any time. However, there are few members who could not obtain good benefit from raising cattle. One of the factors is due to the inability to achieve the target, which is one kilogram increase per day. Nevertheless, when a member cannot reach the target, s/he can always resell the cows to BPWU, so that s/he will not suffer a big loss.

5. Conclusion

This study has shown that in order to be successful, BPWU farmer group has developed social relations internally and externally. The established social relations include a) establish relations with the employees in BPWU; b) establish social relations with the surrounding population by hiring local residents, providing financial support for rural development activities, providing benefits to the poor, and providing financial support to the activities of the villagers; meatballs traders, traditional marker traders; c) establish social relations with educational institution; d) establish social relations with the local authorities, especially the Department of Animal Husbandry in Tuban

Regency and the Indonesian Ministry of Agriculture in order to obtain guidance and assistance related to cattle breeding business and establish social relations with financial institutions so that group members can obtain livestock and get credits; and e) establish social relations with other farmers and private institutions.

The development of social relationships is one of the factors to develop and assist BPWU, particularly in increasing cattle production and meeting the needs of cattle in the country. The existence of BPWU can empower the community and increase the welfare of the local people. This study has focused on a particular group in Indonesia. The lessons learned from this study, however, could be considered to be implemented in other rural areas in Indonesia as well as in other developing countries.

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