MARKET POWER CONTROL IN BROILER PARTNERSHIP WITH RISK SHARING ; REVIEW OF ALLEGED MONOPOLY AND UNFAIR BUSINESS COMPETITION

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Abstract-The goal this study was to determine how much revenue-sharing partnerships broilers based on the division of market risk. Furthermore, whether there is a market power which leads to monopolistic practices and unfair business competition This study was conducted in May until July 2015 which took place at X Farm.in Makassar Indonesia. This research was conducted by descriptive quantitative. Analysis of data using revenue formula II = TR-TC. Further analysis of monopolistic practice violations based on the Law of the Republic of Indonesia Number 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition.These results indicate that the result of the partnership broilers received by the company and the farmers based on the price risk is 108%: 8%. The company suffered a loss due to the loss of 100% of potential revenue from the partnership due to lower selling prices. In addition, the company also bears the loss farmer by 8%. Risks regarding market acceptance of fluctuating prices and sales will be borne by the company. The results show there has been a violation of Law No. 5 of 1999 article 19 paragraph c..

Keywords- Broiler, Market Power, Partnership, Risk Sharing.

I. INTRODUCTION

Risk is an event that is likely to happen or not happen, and when it occurs will cause harm (Kountur, 2006). For that we need an effort to minimize the risk which is likely to occur.
The livestock industry is very vulnerable to the risk for livestock and livestock products associated with biological properties. Characteristics of the farm business is strongly influenced by natural conditions, easily damaged, take place, weight and others. The sources of risk commonly faced in farm business is production risk, price risk, as well as social risks (Tamaluddin, 2011)
Broiler business will face production risk, market risk or price risk and policy. At the risk of production will be related to mortality rate due to various reasons (Arwita. 2013).

Market risks posed by the products or goods which are not sold, inflation, declining purchasing power, competition, changes of preference and others (Hanafi, 2006). Meanwhile the price risk in the poultry business is the fluctuation of prices of inputs (day old chick, feed, drugs) and the selling price of chicken product. Risks posed by the policies include government policies that could constrain the progress of a business (Solihin, 2009)
Making the right decision is needed to reduce the risks associated with the business carried on. Farm can be run independently and in cooperation with the partnership system (Alwan, 2014). Broiler farm independently means all production facilities and infrastructure met solely by farmers. The issues in the broiler business are borne by the farmers such as production risk and price risk (Solihin, 2009)

Broiler businessman to reduce business risk by the partnership system. In this partnership there is a sharing of the risks and benefits agreed upon by both parties (Tamaluddin, 2014)

Partnership is a business strategy that is performed by two or more parties within a specified period to make a profit with the principle of mutual benefit and mutual beneficial partnership between the parties. (Hafsah, 1999)

Partnership model undertaken by the core is through the provision of farm inputs, technical guidance and management, accommodating and market the production. Plasma support broiler house, perform fattening activities and output product submitted to the company at a price agreed in the contract agreement (Dewanto, 2005)

The basic principle of partnership is mutually beneficial cooperation as both sides need each other. There are several patterns of partnerships in today's activities is a partnership contract system and the sharing system(Alwan, 2014).

Constraints are often encountered in the partnership is a burden or a risk that is not balanced between the parties to cooperate. This condition occurs because the company has a stronger position than the farmers in terms of capital, technology, market and management so that farmers are in a marginal position on such cooperation.

Another problem experienced by the plasma farmers is less than satisfactory service. Besides farmers do not have the bargaining power in terms of pricing

contracts, supply and price of the day old chick, the quality and price of feed. Even so, the development of the partnership continues.
In a weak position, the bargaining power of the plasma farmers are more determined by the company's core, including the distribution of profits enabling the distribution of income inequity between the company and the plasma (Wibowo, 2002).

In a state of high production rates and on certain business scale (> 5000 animals) with broiler chicken farming more profitable standalone pattern.Business risks borne by independent farmers. While the partnership system business risks of farmer borne by the company (Suwartaet.all, 2006)

The partnership system become the primary choice in broiler farm. It supports continuous production for a guaranteed supply of factor production and marketing. However, partnership is not necessarily able to increase the income of farmers partner (Dilla, 2011).

In conducting its business, the partnership system as risks facing various market risks such as fluctuations in selling prices and production facilities. In the partnership system run by company X, imposed a binding contract companies and farmers. The contract made by the company and must be complied with by farmers. Farmers can not complain the selling price higher when the market price was expensive. In addition farmers also forbidden to sell their product to outside parties except to the company. Vice versa, if the price falls, the company should still buy broiler production of plasma in accordance with the agreed price contract.

Based on these facts, research associated Market Power Control in Broiler Partnership with Risk Sharing. This study aimed to determine the risk sharing between companies and farmers plasma. Furthermore, this study aimed to determine the extent of the partnership contract implemented by the company X in violation of competition is based on Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition.

II. MATERIAL ANDMETHODS

This type of research is quantitative descriptive, carried out for 3 months, starting from May to July 2015 in company X Farm in Makassar , South Sulawesi Province, Indonesia. The research population 41 farmers. Based on .Slovin formula is obtained 27 samples. Analysis of the data used is the analysis of income $\pi = TR - TC$ (Soekartawi , 2006) . Further violations of competition will be analyzed and explained descriptively by Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition.

III. RESULTS AND DISCUSSION

Production costs incurred by a business partnership broiler consists of fixed costs and variable costs, as shown in Table 1.

Table 1. Production Costs Broiler Business Partnership (Average Population 3000 day old chick check in broiler house/period)

Amount of Farmer	Average Cosst (IDR/Period)	
	Farmer	X Farm
27	110.711.711,11	95.089.725,93

Source :Musyarrafah (2015) and data once processed
Data : I USD = IDR 13,700

Table 1 shows the average cost incurred by the partnership in the event of price risk. The average cost incurred by the farmers when the price risk of IDR 110,711,711.11 with a percentage of 54%, while the X Farmspend an average of IDR 95,089,725.93 with a percentage of 46%.
Costs incurred by farmers during the production process consists of fixed costs and variable costs. Fixed costs include depreciation and depreciation of equipment cage as well as tax and building. This is in accordance with the opinion of Yunuset.all (2007) and Fadilah (2006) that the fixed costs consist of the cost of depreciation of the manufacturing and procurement of equipment cage and the tax amount is not dependent on the size of business scale. While variable costs consist of the cost of factors of poultry production such as day old chick, feed, vaccines and medicines, fuel (gas), chaff and electricity
Farm factor production mainly feed is the biggest cost of all production costs incurred by farmers. This is in accordance with the opinion of Rasyaf (2001) that the cost of feed reaches 40-75% of the total cost of production.
Total revenues is the sum of income components, included the sale of broiler production, feces sales and bonuses. Revenue obtained farmers and X Farm can be seen in Table 2.

Table 2.Analysis of Average Revenue Farmers and X FarmExperiencing Risk Price (IDR)

Descriptive	Amount
Farmer	27
Farmer Revenue	
Chicken Sale	111.491.495,46
Feses Sale	740.740,74
Incentive	438.468,52
Total IIDR)	**112.670.704,72**
X Farm Revenue	
Chicken Sale	68.396.085,93
Total (IDR)	**68.396.085,93**
Percentage	
Farmer	**62 %**
X Farm	**38 %**

Source :Musyarrafah (2015) and data once processed
Data : I USD = IDR 13,700

Table 2 shows the average acceptance farmers and X Farm based business risk experienced. At the risk of price, farmers have a greater acceptance of IDR 112,670,704.72 or 62% while X Farm has a revenue of IDR 68,396,085.93 or 38%. Acceptance of larger farmers because it comes from the sale of chicken in accordance with the contract price, the sale of feces and bonuses. While the income X Farm just come from the sale of chickens that follow market prices. It is also in accordance with the opinion of Rasyaf (2002), which states that the acceptance of broiler farms consist of: (1) the results of primary productand (2) byproduct.

After knowing of the costs and revenues broiler farm in one period, then the next can be seen the amount of profit broiler farm that is the result of a reduction in the total revenue with total cost incurred during one production period. The average profit of farmers and X Farm can be seen in Table 3 and Table 4.

Table 3. Average of Farmers Profit

Descriptive	Amount
Amount of Farmer	27
Average Farmer Profit	
Total Revenue	112.670.704,72
Total Cost	110.730.977,16
Total Profit (IDR)	**1.939.727,56**

Source :Musyarrafah (2015) and data once processed
Data : I USD = IDR 13,700
Table 3 shows that farmers obtain revenue of IDR 1,939,727.56 in the event of price risk .

Table 4.Average of X Farm Profit

Descriptive	Amount
Amount of Farmer	27
Average X Farm Profit	
Total Revenue	68.396.085,93
Total Cost	95.089.725,93
Total Profit (IDR)	**-26.693.640,00**

Source :Musyarrafah (2015) and data once processed
Data : I USD = IDR 13,700

Table 4 shows that the X Farm losses in the event of price risk . Revenue X Farm on condition that the price of risk – IDR 26,693,640.00 , X Farm bear huge losses due to buying broiler product appropriate contract price. Selling to the retailers have to follow the market prices down This is in accordance with Tamaluddin (2011) which states that the company could experience losses in the system partnership if the market price of live chicken is far below the cost of production. Company party can not reduce prices because it has been tied to the contract price before the production process begins .

Table 5. Average Percentage of Profit or Loss for The Partnership between X Farm and Farmers Who Have Risk Price

Descriptive	Amount
Farmers Profit (IDR)	1,939,727.56
Percentage (Profit)	8 %
X Farm Loss (IDR)	-26,693,640.00
Percentage (Loss)	108 %

Source :Data once processed
Data : I USD = IDR 13,700

Table 5 shows that the percentage for the results obtained X Farm and broiler farmers in partnership when there is risk of price. For the price risk, the company bear all the risk by 100%, and also the risk of farmers as 8%. This is in accordance with the opinion of Himawati (2006) stated that the risk transferred company to farmers is 1) the risk of failure of production, 2) the risk of failure to meet the production capacity, 3) the risk of the land investment, 4) the consequent risk extensive land management, and 5) the risk of labor disputes. While the risk transferred by the farmer to the partner company are 1) the risk of failure of marketing 2) the risk of price fluctuations and 3) the risk of difficulties in obtaining input production.

Futhermore known that there has been a practice of monopoly and unfair competition in partnership system done by company X. Broiler business partnership contract allegedly violated article 19 paragraph c of Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition. Article 19, paragraph c in Act 5 of 1999 regulates market share.
As for article 19 states "Businesses are prohibited from doing one or more activities, either individually or jointly with other businesses, which may result in monopolistic practices and or unfair competition in the form of:". Furthermore, paragraph c reads "restrict distribution or sale of goods or services in the relevant market" (KPPU, 2012).

CONCLUSION

Profit sharing of a partnership broilers received by the company and the farmers based on the price risk is 108 % : 8 % . The company suffered a loss due to the

loss of 100 % of potential revenue from the partnership due to lower selling prices .In addition , the company also bear the loss farmer by 8 %. Market risk included fluctution of price and fluctuation of revenue borne by the company. So that losses from market risk becomes the responsibility of the company . There was a violation of Law No. 5 of 1999 article 19 paragraph c of market control . This study shows there has been a restriction of circulation or sale of goods or services in the relevant market . This happens because the company had unilaterally determine the direction of the sales market broilers .

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