Analysis of Potential Development of Micro Small Medium Enterprises in the Beef Livestock Sector to Increase Economic Growth and Labor
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Abstract

One of the keys to the economic progress of a country is economic growth in each region; one of the things that support the economy of a region is the development of small to medium scale businesses in the area or better known as Small, Micro and Medium Enterprises (SMEs). In addition, SMEs also absorb labor which of course has an impact on unemployment in a region. One of the promising MSME business potentials is the business in the livestock sector, especially beef cattle. Apart from the high level of population and of course the potential for high meat consumption. Indonesia also has good natural resources for animal feed. One of the other factors is that our country has a large potential for raising livestock and the potential for global livestock exports is wide open. We also often hear news stating that Indonesia often imports meat, especially before major holidays such as Lebaran, Christmas and New Year. In this paper, I use a descriptive analysis method with a qualitative approach. Where in this paper I try to explain the business potential of YMKM in the livestock sector and also this paper is one of the tasks in the Advanced Microeconomics Course. Technique the data method used refers to sources from Bank Indonesia and LIPI where I as the author try to explain in more detail how the potential of Small, Micro and Medium Enterprises (MSMEs) in the livestock sector in Indonesia. From this writing, the author hopes that the interest in developing SMEs in the livestock sector is growing and hopes that the government can also participate more in the development of SMEs in the livestock sector.

Keywords: SMEs and Livestock, economic growth, livestock, MSMEs.

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INTRODUCTION

Economic growth in a country is influenced by the success of regional economic growth. The Regional Economy itself is one of the factors that influence it is the growth of Small, Micro and Medium Enterprises (MSMEs). In addition, in general, MSMEs are very dependent on local resources and of course in addition to utilizing the availability of local resources (not imports) of course this will absorb local workers including the development of an area itself, one of which can eventually suppress imports in our country. According to data from Bank Indonesia in 2015, MSMEs accounted for 99.99% of the total business actors in Indonesia or 56.54 million units. Based on this, MSMEs play a big role and need to be improved so that they can grow.

One of the MSME businesses with great potential is the livestock sector. This is one of the factors influenced by the very high population of Indonesia so that it affects the level of food consumption, one of which is meat, which will certainly increase. Based on Supas 2015 data quoted in (https://databoks.katadata.co.id/datapublish/2019/09/13/sun- penpresiden-indonesia-diprojeksi-menunjuk-270-juta-pada-2020) where by the end of 2020 the total population of Indonesia is projected to be more than 269, 6 million inhabitants. In addition, one of the factors that show the high potential of livestock in Indonesia is that the number of meat imports is very high. Based on BPS data quoted in (https://databoks.katadata.co.id/datapublish/2018/08/15/berapa-volume-daging-sapi-yang-dimport-indonesia) the volume of Indonesian beef imports in 2017 reached 115, 8 thousand tons then increased 38.8% to 160.7 thousand tons. Meanwhile, the value of beef imports in 2017 reached US$ 466.8 million and rose 28.7% in 2018 to US$ 600.8 million. For information, imported beef has HS code 0201 (beef, fresh or chilled) and HS code 0202 (beef meat, frozen). Based on the above, I...
think the potential for beef farming is very promising and has minimal potential to reduce the rate of beef imports in Indonesia.

The government has a big role in determining the success of MSMEs in the beef husbandry sector, such as policies related to imports, socialization on how farmers and entrepreneurs can be more competitive and develop the livestock business. Our dream is of course to be self-sufficient in beef or to stop imports, but this is in contrast to the government's plan. According to the Head of the Food Security Agency (BKP) of the Ministry of Agriculture (Kementan) Agung Hendria who was quoted in (This article has been broadcast on Kompas.com with the title "2020, the Government Opens Opportunities for Importing Beef and Buffalo", https://money.kompas.com/read/2019/12/26/162300026/2020-government-buka-peluang-import-meat-beef-dan-buffalo.) said the initial plan to import beef and buffalo was around 60,000 tons.

The problems in doing MSME business Beef farming is very diverse and quite complex, such as: Lack of socialization or training, How in terms of business capital is it sufficient, high import faucets for Indonesia, high product delivery from regional areas and others.

Formulation of the Problem
Based on the explanation above, the formulation of the problem from this research is:
1. How is the business potential of SMEs in beef cattle farming in Indonesia?
2. How to increase the progress of SMEs in the field of animal husbandry in Indonesia?
3. Can Indonesia meet domestic beef needs without imports?

Research Purposes
One of the objectives of this research is as an advanced Microeconomics course assignment and can also help and broaden the horizons of readers. This research is also expected to provide input on the huge potential in the field of animal husbandry, especially beef in Indonesia and provide input for policy makers related to beef imports, especially in Indonesia.

Hypothesis
1. The number of SMEs in beef cattle farming is still lacking
2. Beef cattle farming can absorb quite a lot of labor
3. Beef cattle farming will be able to have an impact on economic growth and employment

LITERATURE REVIEW
Definition of Micro, Small and Medium Enterprises (MSMEs)
There are several definitions of Small, Micro and Medium Enterprises, some of which are:

1. The definition of MSMEs according to Law no. 20 of 2008 (cited in on Micro, Small and Medium Enterprises Chapter 1 Article 1: Micro-enterprises are productive businesses owned by individuals and/or individual business entities that meet the criteria for micro-enterprises. Small businesses are productive businesses that stand alone, which are carried out by individuals or a business entity is not a subsidiary of a company that is owned, controlled, or becomes a part either directly or indirectly of a medium or large business that meets the criteria of a small business Medium business is a productive economic business that stands alone, which is carried out by individuals or business entities which is not a subsidiary or branch of a company that is owned, controlled, or becomes a part either directly or indirectly with a small business or large business with a total net worth or annual sales results.

2. According to Nurhayati 2011 (In Dani: 2013) states that the definition of MSMEs has various variations according to the characteristics of each country, namely:
   - World Bank: SMEs are businesses with a workforce of ± 30 people, annual income of US$ 3 million and total assets not exceeding US$ 3 million.
   - In America: SMEs are industries that are not dominant in their sector and have fewer than 500 employees.
   - In Europe: SMEs are businesses with a workforce of 10-40 people and an annual income of 1-2 million Euros, or if there are less than 10 people, they are categorized as household businesses.
   - In Japan: SMEs are industries engaged in manufacturing and retail/service with a workforce of 54-300 people and a capital of 50 million – 300 million. 5.
   - In South Korea: SMEs are businesses with a workforce of 300 people and assets of US$ 60 million.
   - In some Southeast Asia: SMEs are businesses with a workforce of 10-15 people (Thailand), or 5-10 people (Malaysia), or 10 -99 people (Singapore), with a capital of ± US$ 6 million.

3. In addition, according to Ina Primiana (quoted in https://bocahHukum.blogspot.com/2019/08/pengertian-umkm-menurut-undang.html) also said that MSMEs can be termed as the mainstay of regional development to accelerate economic recovery to accommodate priority programs and development of various sectors and potentials. Whereas small business is an increase in various community empowerment efforts.

4. According to Kwartono (quoted in https://www.mbizmarket.co.id/news/umkm-dalam/) MSMEs are businesses whose net worth is less than Rp. 200,000,000.00. This amount is the result
of calculating sales turnover obtained for one year.
5. According to Suprapti 2005 (cited in http://digilib.unimus.ac.id/files/disk1/142/jptunimus-gdl-riyantini-7094-3-babii.pdf) MSMEs are business entities, either individuals or legal entities that has a net worth (excluding land and buildings) of Rp. 200,000,000.00 and has annual sales of Rp. 1,000,000,000.00 and stand alone.

Based on the above, we try to conclude that the definition of small, micro and medium enterprises (MSMEs) is a business entity owned by an individual or a legal entity which is in a certain sector or field of business development that is not too large or meets the aspects of the small criteria.

**Studies Related to Beef Cattle Farming**

Cattle farming are generally divided into 2 broadly, namely dairy farming and beef cattle farming. Beef cattle farming in Indonesia are included in the category of people's livestock. According to Wikipedia (https://id.wikipedia.org/wiki/Sapi_cut) Beef cattle are a type of cattle raised for meat (in contrast to dairy cows, which are used for milk). Usually there are three main stages in beef production, namely the stage of nurturing, grazing and feeding. Beef cattle under 1 year of age produce young beef which has a different quality from ordinary beef. Besides being used for meat, beef cattle also produce skin and ingredients for shampoo as well as cosmetics.

According to Mauluddin 2012 (quoted in S. Rusdiana and L. Prararani 2019) People's livestock is a business carried out by farming communities in rural areas, traditionally as a sideline. According to Santosa, Warsito, Andoko 2012, quoted in (http://digilib.unila.ac.id/4784/12/BAB%202.pdf), the typology of livestock business is divided based on the scale of business and income level of farmers, and classified into in the following groups:

1) Livestock as a sideline business, where livestock is a sideline business to meet their own needs (subsistence). With a level of income from livestock business less than 30 percent.
2) Livestock as a branch of business, where farmers are engaged in mixed farming with livestock as a branch of business. With the level of income from livestock business 30 – 70 percent (semi-commercial or integrated business).
3) Livestock as the main business, where farmers cultivate livestock as the main business and commodities and other agricultural commodities as a sideline (single commodity), with a livestock business income level of 70-100 percent.
4) Livestock as an industrial business, where livestock commodities are cultivated specifically (specialized farming) with a livestock business income level of 100 percent (commodity of choice).

According to Sugeng, 1992 (in I. Indrayani and Andri 2018) Beef cattle business is a business that is currently chosen by many people for cultivation. The ease of cultivation and the ability of livestock to consume agricultural waste are the main choices. Most of the scale of ownership of beef cattle at the community level is still small, namely between 5 to 10 heads. This is because livestock businesses run by the people are generally only used as a sideline which can be used at any time if the farmer needs a certain amount of money. According to Santos 1995 (in Hastang, Asлина Asnawi 2014) Beef cattle are cattle that are kept with the main purpose of producing meat, so they are often referred to as beef cattle.

Based on the above, it can be concluded that beef cattle farming is a farm that produces cattle for the value of its meat and in general in Indonesia, cattle farming is still classified as a people's livestock business which tends to be non- mainstream, meaning that it has not been maximized in its business. In general, we also know that if the effort is not maximized, it will certainly have an effect on the lack of development and socialization and community focus in this beef cattle business.

**Studies Related to Economic Growth and Labor**

Economic growth, basically, we know that there is an increase in economic value in a certain area or region. Some definitions of economic growth according to experts include:

1. Economic Growth according to Prof. Simon Kuznet (cited in https://www.hestanto.web.id/teori-pergrowth-ekonomi/) defines economic growth as a long-term increase in providing various types of economic goods that continue to increase to society.
2. Meanwhile, another opinion from Simon Kuznets states that economic growth (in https://www.siulasikredit.com/percepat-ekonomi-pengertian-dan-pengukurnya/) is a condition in which a country is able to increase output (economic production results) based on progress technology accompanied by ideological adjustments. This shows that there are three components that are related to each other in increasing economic growth, namely increasing state production, technological advances to increase productivity, and ideological adjustments that are open to accepting new technologies.
3. According to Tarigan 2005 (cited in https://www.kompasiana.com/181910501059callista/5d99c03e6d823036ee05a622/theory-growth-economics), the basic economic theory is the rate...
of economic growth in a region which is determined by the magnitude of the increase in exports in that region.

4. According to Arsyad 1992 (quoted in Sri Eka Astutininginsih and Citra Mulya Sari: 2017) states that the theory of economic growth explains the factors that determine economic growth and its process in the long term, an explanation of how these factors interact with one another. This causes the growth process to occur.

Based on the above, it can be concluded that economic growth is a condition in which there is an increase in production either in an area or a country which of course is influenced by factors, be it production, etc. which is increasing especially in society and especially in the development of an economy.

Labor is a term that we usually hear and is usually synonymous with workers or people who receive a wage for a job that he does. Some definitions of labor include:

1. According to Law no. 13 of 2003 Chapter I Article 1 paragraph 2 states that the workforce is everyone who is able to do work to produce goods or services both to meet their own needs and for the community.

2. According to Dr. A. Hamzah SH (cited in https://www.guru Pendidikan.co.id/energi-kerja-13-pengertian-menurut-para-ahli-dan-tipe-type-along-sample-dalam-complete/) states that manpower includes manpower who works inside and outside the employment relationship with the main means of production in the production process of the labor itself, both physical and mental energy.

3. According to Sumitro Djojohadikusumo (quoted in https://pengertiandefinisi.com/pengertian-tenaga-kerja-angkatankerja-dan-keseempatankerja/) the workforce is all people who are willing or willing and have the ability to work, including those who are unemployed even though they are willing and able to work, but are forced to be unemployed because there are no job opportunities.

4. Dr. Payaman quoted A. Hamzah (quoted in https://www.materiallearning.id/2015/12/material-ekonomi-teori-labor.html), labor is (man power) is a product that has been or is currently working. Or are looking for work, and who are doing other work. Like school, housewife. Practically, the workforce consists of two things, namely the labor force and non-wage force:
   a. The labor force consists of the working group and the unemployed or looking for work.
   b. Groups that are not in the labor force consist of those who attend school, those who take care of the household and other groups or receive income from other parties, such as retirees and so on.

5. According to the Central Statistics Agency (cited in http://repository.radenintan.ac.id/2262/3/BAB_II_DAN_III.pdf) defines manpower as the entire population of working age (15 years and over) who have the potential to produce goods and services. BPS (Central Bureau of Statistics) divides the workforce (employed), namely: 1. fully employed, is a workforce that has a number of working hours > 35 hours a week with certain work results in accordance with the job description; 2. underemployed workers are workers with working hours < 35 hours a week; and 3. workers who have not worked or are temporarily not working (unemployed), are workers with working hours 0 > 1 hour per week.

6. According to Suparmoko 2002 opinion, labor is population in working age or the total population in a country in producing goods or services, workers who are of working age between 15-64 years.

Based on the above, it can be said that the workforce is a population who is in the age category of ready to work either currently working or currently unemployed or looking for work. This is directly proportional to economic growth, meaning that if economic growth goes well and develops in a region or region, it will certainly lead to field openings so that the increase in demand for labor itself will increase.

**RESEARCH METHODS**

This research itself will take secondary data such as how many beef cattle are needed in a year, then how many estimates of the workforce that can be absorbed if we can meet the MSME target. How does it affect economic growth in an area? In this study, the author will use quantitative data and then we will analyze it to refer to a conclusion.

**Research Data**

Based on the data in Table 1.1, Beef Consumption Needs reached 3,641,097 until in 2015 it reached 3,843,787. Where in this case there is an increase from year to year.
Based on data from table 1.2, domestic beef production actually fell from 2011 to 2015 even though the demand for beef has actually increased from year to year.

### Table 1.2 National Beef Production Data

<table>
<thead>
<tr>
<th>Year</th>
<th>Dalam Negeri (dalam Ton)</th>
<th>Dalam Ton</th>
<th>Produksi Dalam Negeri</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>588.082</td>
<td>486.251</td>
<td>455.754</td>
</tr>
<tr>
<td>2012</td>
<td>486.251</td>
<td>421.012</td>
<td>386.637</td>
</tr>
</tbody>
</table>


Based on data, the population in table 1.3 also always increases every year.

### Table 1.3 Population Data

<table>
<thead>
<tr>
<th>Year</th>
<th>Dalam Juta</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>242</td>
</tr>
<tr>
<td>2012</td>
<td>245,4</td>
</tr>
<tr>
<td>2013</td>
<td>248,8</td>
</tr>
<tr>
<td>2014</td>
<td>252,2</td>
</tr>
<tr>
<td>2015</td>
<td>255,5</td>
</tr>
</tbody>
</table>


The pricelist of beef also increases every year, even in 2011 the price was only 65,902 but in 2015 it reached 98,640 per kg.

### Table 1.4 Data on Average Beef Prices 2011 – 2015

<table>
<thead>
<tr>
<th>Year</th>
<th>Dalam Rupiah</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>65902</td>
</tr>
<tr>
<td>2012</td>
<td>72708</td>
</tr>
<tr>
<td>2013</td>
<td>86982</td>
</tr>
<tr>
<td>2014</td>
<td>93043</td>
</tr>
<tr>
<td>2015</td>
<td>98460</td>
</tr>
</tbody>
</table>

Table 1.5 Data on average UMR in Indonesia in 2011-2015

| Source: https://www.bps.go.id/linkTableDinamis/view/id/917 |

Table 1.6 the number of Unemployed 2011 – 2015


Table 1.5 is the amount of UMR data used to estimate how much of the beef value will be in deficit to determine the estimated average workforce that can be absorbed. While table 1.6 is used to determine the estimated amount in percentage of the amount of unemployment that can be absorbed. In this study, I tried to allocate a percentage of the estimated value of meat sales were 5% was allocated for employee salaries.

ANALYSIS AND DISCUSSION

First, in this study, we will try to calculate the meat demand deficit compared to the national meat production capacity data.

Table 1.7 Beef Availability Deficit 2011-2015
Based on the data and graphs above, it is very clear that every year from 2011 to 2015 there was always an increase in domestic demand for meat, which was inversely proportional to domestic production which tended to fall and had a major effect on the deficit in domestic availability, which would actually increase.

Then based on this, we try to calculate the beef deficit value during 2011 to 2015 which the results in 2015 reached more than 300 billion with an estimated 5% salary allocation for employees reaching 17,019,549,450,000. This can be seen in table 1.8.

<table>
<thead>
<tr>
<th>Table 1.8: The value of the meat deficit and the estimated allocation of absorbed employee salaries (5%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Defisit (Dalam Ton)</td>
</tr>
<tr>
<td>Harga Daging Sapi (per kg)</td>
</tr>
<tr>
<td>Nilai Defisit Daging Sapi</td>
</tr>
<tr>
<td>Estimasi Alokasi Gaji (5%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 1.9: Estimated Percentage of employed workers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Estimasi Alokasi Gaji (5%)</td>
</tr>
<tr>
<td>Total UMR dalam setahun</td>
</tr>
<tr>
<td>Estimasi pekerja diserap</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Table 1.10 Estimated Percentage of Unemployment Absorbed</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td>Menganjur</td>
</tr>
<tr>
<td>Estimasi Pekerja diserap (or)</td>
</tr>
<tr>
<td>penganguran Diserap (%)</td>
</tr>
</tbody>
</table>

Based on table 1.9 and table 10, it can be seen that a lot of workers are absorbed and the percentage of unemployed is even absorbed up to 10%.

CONCLUSION

1. The potential of SMEs for beef cattle in Indonesia is quite high when viewed in terms of and besides that, it is clear that there is an increase in the demand for beef cattle every year and the supply deficit is followed.
2. The ability to absorb labor is also very good where every year the average is around 10% which is only for the beef business.
3. Indonesia can maximize labor by reducing unemployment by absorbing enough unemployed workers and stopping imports of beef cattle.

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