

7-30-2019

## Institutional Innovation Strategies in Raising the Income of A Rice Farming Community: A Study of Duriaasi Village, Wonggeduku District, Konawe Regency, Southeast Sulawesi

La Ode Arpai

*Universitas Muhammadiyah Jakarta*, laodearpai@gmail.com

Follow this and additional works at: <https://scholarhub.ui.ac.id/mjs>

---

### Recommended Citation

Arpai, La Ode (2019) "Institutional Innovation Strategies in Raising the Income of A Rice Farming Community: A Study of Duriaasi Village, Wonggeduku District, Konawe Regency, Southeast Sulawesi," *Masyarakat, Jurnal Sosiologi*: Vol. 24: No. 2, Article 5.

DOI: 10.7454/MJS.v24i2.9637

Available at: <https://scholarhub.ui.ac.id/mjs/vol24/iss2/5>

This Article is brought to you for free and open access by the Faculty of Social and Political Sciences at UI Scholars Hub. It has been accepted for inclusion in Masyarakat, Jurnal Sosiologi by an authorized editor of UI Scholars Hub.

# Institutional Innovation Strategies in Raising the Income of A Rice Farming Community: A Study of Duriaasi Village, Wonggeduku District, Konawe Regency, Southeast Sulawesi<sup>1</sup>

La Ode Arpai

Universitas Muhammadiyah Jakarta

E-mail: laodearpai@gmail.com

## Abstrak

Artikel ini berfokus pada inovasi kelembagaan masyarakat petani dengan mengaitkan pendekatan kelembagaan dalam meningkatkan pendapatan masyarakat petani. Artikel ini menemukan bahwa inovasi kelembagaan menjadi hal penting dilakukan demi menjaga keberlangsungan usaha pertanian padi sawah di Desa Duriaasi. Studi terdahulu, seperti Vierimaa (2017) hanya menganalisis melalui pendekatan politik organisasi dan Michael Straub (2017) hanya mengesplorasi tentang peran media massa dalam kontestasi ekonomi politik. Berbeda dengan keduanya, artikel ini menggunakan pendekatan Fligstein dan McAdam tentang *Strategic Action Fields* (SAF) yang memiliki pengaruh signifikan untuk menganalisis pendapatan masyarakat petani. Pendapatan masyarakat petani dipengaruhi oleh kontestasi persaingan pembelian gabah petani oleh pedagang (penggilingan padi), baik pedagang dalam Desa maupun pedagang diluar Desa Duriaasi. Dalam konsep SAF pedagang dalam Desa berposisi sebagai petahana (*incumbents*) dan pedagang di luar Desa sebagai penantang (*challengers*). Artikel ini ditulis berdasarkan penelitian kualitatif dengan pengumpulan data berupa *desk research*, wawancara mendalam, hingga observasi pada bulan Juli 2017 sampai Januari 2018 di Kabupaten Konawe, Sulawesi Tenggara.

## Abstract

This article focuses on institutional innovations in a farming community by linking the institutional approach in increasing farmers' income. This article finds that institutional innovation is an important aspect in maintaining the sustainability of wet rice farming in Duriaasi Village. Previous studies, such as Vierimaa (2017), only made an analysis using the organizational political approach, while Michael Straub (2017) only explored the role of the mass media in political economy contestations. In contrast to both, this article uses the Fligstein and McAdam's approach on Strategic Action Fields (SAF), which has a significant effect on analyzing the income of farming communities. Their income of farmers is influenced by the contestations in the purchasing of farmers' crops by the bargainer (rice millers) inside and outside of the Village. In the SAF concept, the "native" bargainers hailing from Duriaasi village take place as incumbents, while the bargainers from outside the village are taking the position as challengers. This article is written based on a qualitative research, with data collected through desk research, in-depth interviews and observations from July 2017 to January 2018 in Konawe Regency, Southeast Sulawesi.

Keywords: innovation strategy; institution; farmer income.

---

<sup>1</sup>This article is part of the PITTA Grant scheme which has given financial support to the author during the data gathering until the end of the research.

## INTRODUCTION

Among the most problematic issues in Indonesian agriculture are low production capacity; lack of farmer capital, skills and knowledge in using technology; and price/marketing policies (Anantanyu 2011). These conditions cause the continuing decline of the number of people working in the agricultural sector. In 2013 there were 14.1 million households working in the agricultural sector, declining to 13.1 million in 2018 (BPS 2018). This condition is occurring in almost all regions of Indonesia (Susilowati 2016), one cause of which is the fragility of institutions supporting the lives of farming communities (Saptana et al. 2013).

Some of the main problems faced by farmer institutions in rural areas are low ability to build networks with modern institutions, low internal capacity to compete in the economic field, and having to face external pressures (in the areas of lifestyle, economy, politics, social dignity and urban/foreign cultures) (Saptana et al. 2013). Therefore, farming communities need to strengthen institutional capacity in conducting agricultural business so that people who work in the agricultural sector are able to survive and compete in the face of global competition (Veronice et al. 2018). Institutional innovation is important to do because the development of institutional innovation will lead to welfare for the community (Evans 2005). Bottomore (in Taryoto 1955) defines institutions as a complex or cluster of roles, which states that the concept of the role of innovation is a major component of an institution.

The work of Matts et al. (2016) on the institutional perspective of farmers markets in the United States of America succeeded in developing the economy of the farming communities. As many as 50 percent of respondents were satisfied with the availability of the Farm to Institution (FTI) market institution. The FTI market contributes about US\$ 96 billion to the country's economic growth. Meanwhile, Sony K. and Bishnu Raj (2017) in their study found that government policy focuses on disease eradication and reduction of production, but does not encompass the use of information technology to facilitate interaction or supply of farmers' safety networks, thus requiring policy recommendations about institutional innovation.

In line with that, the study of Turner et al. (2017) on Agricultural Innovation System (AIS) in New Zealand proves that AIS involves many actors to challenge the institutional logic that encourages agents

of change to develop a shared understanding of the systemic problems of agricultural innovation. As for Allaire and Wolf (2004) emphasize agrofood production systems in institutions, and do not much discuss about farmers' institutional innovation strategies in increasing farmers' income. Other studies conducted by Hinrichs (2000), Wigena A. and Gusti (2011) also only attempt to observe the intimate relationship between markets, farming communities, and consumers. The study of Matts et al. (2016) and Sony K. and Bishnu Raj (2017) also only focus on government policies that can create institutions so that the community's economy can develop, but do not discuss in detail and in depth how the strategy of institutional innovation can increase farmers' income.

This article intends to observe in more depth and explore the relationship between government policy making and community businesses or enterprises in the agricultural sector. The most important contribution of this article is to find the interrelation of community strategies in carrying out farmers' institutional innovations so that they are able to increase income productivity in each planting season. The innovation strategy is determined by how the creativity of the community makes changes in depth and is able to emphasize development patterns to support the economic development of the community (Amrifo 2013). Using the theoretical framework of Strategic Action Fields (SAF) from Fligstein and McAdam (2010) this article argues that the people of Duriaasi Village have the skills to innovate institutionally and have the structural strength from both local government and the private sector.

## RESEARCH METHODS

The article is written based on the results of a qualitative research, with the rationale that the approach allows the interpretation of the entire phenomena occurring in farming communities. Data collection was conducted from July 2017 to January 2018 in Duriaasi Village, Wonggeduku District, Konawe Regency, Southeast Sulawesi Province. Duriaasi was chosen as the research location because around 75 percent of the population of Duriaasi work in the agricultural sector, and it has the largest rice growing area in Wonggeduku district, with an area of 288.85 hectares of paddy fields (BPS Wonggeduku District 2016). Data collection was carried out by means of observation, the researcher observing all the occupational activities of the farming community from

the process of planting to drying rice as well as the work of traders in the process of rice milling, conducting in-depth interviews with the Regional Office of Agriculture, Regional Office of Water Services, Head of Wonggeduku District and farmer community institutions at the local level, as well as traders (rice millers). The researcher also conducted desk research, namely policy documents sourced from the Regional Office of Agriculture and Regional Office of Water Services, in the form of Konawe Regent Decree No. 490 of 2016 concerning guidelines for cropping patterns, Konawe Regency Regional Medium-Term Development Plan, and Reports of the Regional Office of Agriculture.

### INSTITUTIONAL INNOVATION STRATEGIES IN AGRICULTURE

Institution is essential in a society because the life patterns of a community can be traced from its organizational system. In the realm of economic sociology, institution is explained by Victor Nee (2005) in his book *New Institutionalism in Economic Sociology (NIES)*. In principle, institutional development has a broad and dynamic meaning that can change according to the development of society. Local-level economic institutions, for example, must have a strategy as an integral part of society so that they have institutional relationships, social networks and norms in economic actions (Nee 2005).

Strategy is recognized as a key aspect of management in a large organization (Gibcus and Kemp 2003). The strategy of innovation is carried out by institutions to support the strengths and tools of business competition (Skinner in Hartono 2005). In general, the theory of innovation strategy refers to a corporate business strategy that intends to create new value for customers in the company (Jhonson and Bate 2003). An innovation strategy will succeed if the innovation pays attention to internal and external factors (Pearce and Robinson in Hartono 2005).

The institutional innovation strategy as the main concept referred to in this article owes much to the thinking of Fligstein and McAdam (2010). The SAF theory developed by Fligstein and McAdam (2010) explains that a strategic action in society is fundamental, and is one of the social arrangements of various actors (both individual or collective) where all can interact with the same understanding and purpose. There are at least seven main points in the unit of analysis of the logical framework of Fligstein and McAdam (2010) as explained in the theory

of Strategic Action Fields (SAF). However, due to time constraints and access to research data, this article only outlines four main points that become the unit of analysis, including: (1) strategic action fields, (2) incumbents, challengers and governance units, (3) social skills, and (4) the broader field environment.

Strategy is important as a way to survive in the contestation of the social environment. Fligstein and McAdam (2010) explain that the strategy in institutions will create a social change in the society in accordance with the conditions of their social environment. This change will produce positive outcomes from the social activities of the community (Adnan 2014). Sometimes these changes create new social interactions with the presence of other actors as challengers to influence existing social activities. In this position, the actors who are accustomed to the social environment or as incumbents must make innovations, so that they can survive in the competition, either competition about politics, economics, or socio-structural conditions in government policy making.

The approach of Fligstein and McAdam (2012) in the field of strategic action is based on how institutions work together and compete with each other. The boundaries of the field of strategic action are very flexible, and depend on the definition of the situation and problem at stake (Fligstein and McAdam 2012). SAF can be in a state of emergence, stability or crisis. The actors aim to maintain the stability of the SAF, in the contestations of arena in order to bring about social change in society.

The actors in the contestation are governed by the rules and resources of the local government unit as a frame of reference or guidance and direction for a person or group to take action (Adnan 2014). Social skills are also important to develop. Social skills will have an impact on the social environment of the society and affect the cultural psychological conditions of the society (Fligstein 1996). In a political context, if incumbents control the arena of social environment to influence the society in general, there is a tendency that political contestations will be won by the incumbents. In this situation community members need the social skills to determine their choice of the actors involved as challengers in the contestation. The purpose of this choice is to maintain the sustainability of the community's social relations with these actors in the economic, socio-cultural and political fields.

The relationship between incumbents and challengers in the same arena of strategic actions is marked by competition for symbolic power, resources, and members (Fligstein and McAdam 2012). Incumbents are traditional players who have the most power in the history of contestation on the field. Fligstein and McAdam (2012), in Vierimaa (2017), made a suggestion similar to Gamson's concept (1975), that the field of strategic action is regulated by incumbents. The strength of SAF is its flexibility in the economic field, in influencing the condition of the structure of society and ability to provide new values to the social environment of the community.

#### DEVELOPMENT OF AGRICULTURAL INSTITUTIONS AMONG THE FARMERS OF DURIAASI VILLAGE

During the New Order era, Southeast Sulawesi was one of the main rice producing areas of Indonesia, of which Konawe Regency had the greatest share (*supra.antaranews.com* 2014). On the other hand, Konawe has a highly heterogeneous society, especially as the destination area for transmigrant communities. Over time, this area experienced regional development, divided into a number of new administrative regions namely North Konawe, South Konawe and Konawe. The majority of Konawe residents work as farmers (BPS Konawe Regency 2018). The agriculturalists in Konawe include the people in Duriaasi Village, who rely on land as one of the means of agricultural production. Duriaasi has around 290 hectares of land, most of which utilized in the business of the agricultural sector. These lands consist of plantations with an area of 14 Ha, residential lands with an area of 40 ha and wet rice fields with an area of 174 Ha, and other public infrastructure land. The majority of land is controlled by farmers.

The agricultural society in Duriaasi Village can be categorized into 3 (three) groups. The first group consists of ten landless households. The second consists of 405 households of land owning farmers, and the third consists of 20 households who both own plots of land and work in the farms of others (Arpai 2018). The majority of the Duriaasi community members own agricultural land so that indirectly the community's access to cultivate agricultural fields is sufficient if productivity can be carried out as efficiently as possible. These three typologies of farming communities are also incorporated in local farmer institutional associations.

The institutional association of the Konawe farmers' community at the local level consists of the Granary Institution, the Water Users' Association (P3A), and the Rice Milling Association. The granary institution was formed at the initiative of the Duriaasi community in order to maintain supplies during the lean season. This institution was formed in 1998 by the local community, seeing the potential of the occurrence of crop failure. The granary institution also acts as a savings and loan cooperative to accommodate the farmers' crops; in India this institution is called the Cooperative Development Foundation (CDF) (Stuart and Sandhya 2003). The problem faced by this institution is the lack of awareness of villagers in returning their crops to the management of the institution, so that this institution has program constraints (Arpai 2018).

In addition to the granary institution, P3A also faced challenges, namely the lack of capital assistance from the Konawe Regency government to improve farmers' irrigation networks. The P3A was born out of the needs of farmer groups through the Konawe Regent Decree No. 490 of 2016. However, this institution has not yet received any programs from the regency government. In fact, P3A has an instrumental role for the farming community. This institution has the duty to ensure the availability of irrigation water distribution channels before the planting season to the entire village community. The cost of repairing the irrigation network carried out by the P3A management is borne by the community itself, both landowning and non-landowning tenure farmers. For the tenure farmers, this has become a burden because their income is far less compared to farmers who own plots of land.

Referring to a study conducted by Agarwal and Dorin (2019) on group farming in France, in France, landless farmers should be given assistance in the form of funding so that they can survive and be able to sustainably carry out their agricultural enterprises. At present, the Konawe Regency's government only provides assistance in the form of programs. The government's assistance program for farmers includes a rice field expansion program, rice seed assistance program, technology provision (tractors) program, and agricultural insurance program for smallholders who experience crop failure. The most popular program is the provision of fertilizer subsidies to farming communities. This is one of the central government's policies implemented throughout Indonesia. In the context of the implementation in the field this program is still limited to benefit farmers who have capital, and has not affected poor



farmers. These capital owners pay in advance to the fertilizer agent even though the fertilizer is not yet available, so when the fertilizer comes, the investors only need to take it. It is likely that poor farmers who lack capital will feel marginalized in this situation and will definitely feel disadvantaged.

Referring to a study conducted by Ruttan (2006), Martínez et al. (2018), Lenzi and Giovanni (2019), the social conditions of a deprived poor farming community will stretch the social relations of the community, and will even experience conflicts with the capital owners, so that it will have an impact on the deterioration of the welfare of farmers. Following the theoretical framework of Fligstein and McAdam (2010, 2012), this condition needs an innovation strategy from government institutions, and social skills of the farming community, to maintain the stability and productivity of farmers. This is to ensure that the farming community continues to survive in any condition for the sake of the sustainability of wet rice farming.

Social relations or social capital is essential to maintain the sustainability of agricultural businesses, especially for farming communities who have small capital, or tenure farmers (Murphy et al. 2016). This relationship can be done by mutual assistance between farmers and traders (rice millers). These traders are gathered in the rice millers union institution (Perpadi), both traders in Duriaasi Village referred to as incumbents in the SAF theory, and traders outside the Village referred to as challengers, both of which are institutionalized in Perpadi. As incumbents, the rice traders in the village have provided aid to the Duriaasi farming community in the form of capital intended for production of rice.

The capital assistance is given if the farming community is experiencing crop failure. The amount of capital provided is between IDR 4-5 million, for farmers who have established relations with these traders (rice millers). This relationship is innovative and has reciprocity between the two, in the form of the farmers' crops having to be sold to these traders, so that they have a social relationship between one another.

“Oh yes, because if we are milling and the farmers,... for the time being we have to understand each other to help each other. Sometimes during the harvest we ‘borrow’ rice from the farmers, we don’t pay immediately, for example, now we take their crops, and we usually

pay later, maybe after one week or 15 days, then we pay the price of the crops, so there is mutual understanding between us". (Interview with Traders (incumbents) on 15 January 2018).

The social conditions of the Duriaasi farming community convinced us of the research by Dijk et al. (2011) that the established logics and institutional structures are relatively stable over time and sometimes have constraining effects if the power of the actors is unable to innovate related to the issue of institutional legitimacy. It is believed that these actors do not have the potential resources to overcome the institutional problems of farmers in the village community.

#### AGRICULTURAL INSTITUTIONAL INNOVATION OF FARMERS IN DURIAASI VILLAGE

The institutional structure in the "socio-political economic context" largely determines the role or actor of any player who is given the opportunity to control the economy of the agricultural industry (Adnan 2014), both as incumbents and as new players or challengers. The government as the main institution that provides rules and resources does not yet entirely satisfy the wishes of the Duriaasi farmers. This can be seen from the government's assistance program to the farming community. The rice field expansion program provided by the government to farmers is still focused on one area of the region, causing envy for other farmers. The land expansion program, with a budget of Rp16 billion, allocated by the government of Konawe Regency in 2017, could only result in around 200 hectares of new rice lands in Wonggeduku district, of which Duriaasi only received 10 hectares. In addition to the rice field expansion program, the rice seed assistance program has not yet addressed the problems of small farmers. The amount of seed provided to farmers is about 25 kg of IR-64 or Ciherang seed for each hectare of rice field. This is not sufficient for the community to process rice, so they are still required to purchase additional seeds for their rice planting needs.

"Yes, sir, the provided seeds were not enough for us, so we had to buy more seeds sold in the market. The price is different, sometimes the price per kilogram is Rp. 8,000 but the seeds in the market are not good, sometimes the rice is not fertile, but what can we do, just like that." (Interview with a farmer, 2017).

In the theory of Strategic Action Fields (SAF) developed by Fligstein and McAdam (2010, 2012), an institutional innovation strategy is needed for the Konawe Regency government so that people do not feel spoiled and burdened by the presence of aid programs. Innovations to the program are expected to provide equity for the local community, and it should be even possible for the community to become independent, so that the program from the government will have a positive impact on the development of agricultural income of the Duriaasi farming community. The condition of the Duriaasi farming community reminds us of the work of other social researchers such as Passen Annemarie et al. (2014) in West Africa, Botha Neels et al. (2017), and Vereijssen et al. (2017) in New Zealand, which result in the same conclusion, about the importance of innovation for government agency programs that will bring benefit and prosperity to small farming communities. Innovations to the program that must be done by the Konawe government institution are in the form of policy interventions on the management of aid programs to the community, as well as the creation of special institutions prepared by the Konawe government to oversee all programs introduced to the community. This institution should not only be temporary, but must be sustainable for the farming community.

Another most influential group of actors in the economic institution of the Duriaasi farming community is traders or rice millers, within PERPADI. Duriaasi farmers will sell their crops to traders (rice millers) in the form of harvested unhusked rice (GPK). These traders will experience contestation in purchasing rice from the Duriaasi farming community, because there are many traders from outside the village willing to buy rice from Duriaasi. The standard price of rice set by the government by the National Logistics Agency is Rp. 3,700/kg, but the actual buying price by the traders is Rp. 4,500/kg, even as much as Rp. 4,700/kg. In the SAF concept, traders from the village of Duriaasi will position themselves as incumbents while traders from outside Duriaasi are challengers in the economic context of the rice agriculture industry.

The incumbents are mostly a generation of traders (rice millers) who have a nationalistic generation or network generation and able to take care of social relations with the Duriaasi farming community. The traders have institutional strength, which is continual integration with the social life of the Duriaasi farming community. Meanwhile, outside traders (challengers) only appear from time to time in the arena of the Duriaasi farming community. However, they have stronger capital and

willingness to pay higher prices to the farmers. Besides, the challengers also have the PERPAD I institutional strength where they came from, as well as having network strength in buying rice from the farming community.

Incumbents and challengers will compete with one another and fight for a position to gain profit from the society. The community is the main object as a target to channel their interests and expedite their actions (Vierimaa 2017). This situation also occurs in the Duriaasi farming community in purchasing rice from the farmers, both by traders inside the village (incumbents) and traders from outside the village (challengers).

The high purchasing price of rice occurred since 2017, in the second planting season with a price range of Rp4,200-Rp4,300/Kg. In 2018 the first planting season the price of grain increased to Rp4,500-Rp4,700/Kg. Incumbents were willing to purchase rice at Rp4,500, encouraging competition from challengers who raise the price to Rp4,700. The struggle in the economic arena of the agricultural community remains to be dominated by traders, both traders from within and from outside the village.

The entry of outside traders as challengers will be considered to provide new contestation of competition in the purchase of rice from farmers. In such a situation, there are two possibilities that will occur to the Duriaasi farming community, both of which will have positive and negative impacts. First, the farming community will tend to benefit from higher prices paid for rice by traders from outside Duriaasi (challengers). This condition certainly has a positive impact on the economic growth of the farming community. However, in this situation traders from the village (incumbents) will feel disadvantaged and have a negative impact on the sustainability of their businesses. When this situation is not supported by an increase in rice sales on the market, the traders will suffer losses. Such condition requires skills or innovation so that these traders continue to compete well in the social environment of the community.

Second, the appearance of traders from outside Duriaasi (challengers) will damage the social relations of the farming community with traders from Duriaasi Village (incumbents). This will affect the provision of loans or capital from traders in the village (incumbents) to the farming community. These conditions will have a negative impact on the economic growth of the farming community, especially for small

farmers who lack capital. If this is ignored, the Duriaasi agricultural economy will weaken, impacting the sustainability of the rice farming business.

In dealing with this phenomenon people are required to have social skills so that these conditions do not become disastrous for them, and the social relations of farmers and traders in the village (incumbents) remain maintained. In the context of the economy in general, social relation is one of the main factors determining success (Siswoyo and Bambang 2014). The important thing that needs to be done by the government is the institutional innovation of the policy regulations as a common reference in the institutional management of PERPADI, both incumbents and challengers, to be used as a guide for the community in regulating the arena of contestation for the purchase of Duriaasi farmers' rice crops.

#### MARKET INSTITUTIONAL INNOVATION STRATEGIES ON THE INCOME OF RICE FARMERS IN DURIAASI VILLAGE

The SAF concept influences the income of the Duriaasi farming community. The farming community shows dependencies in two aspects, namely capital and the price of rice crop sales. Increasing institutional innovation strategies for both are essential to maintain price stability on the market. Social capital needs to be developed in order to maintain the social relations between farmers and traders, especially traders in the village (incumbents) so that the rice farming business in Duriaasi continues to be sustainable without any actors feeling disadvantaged (Murphy et al. 2016).

The strategy considers how the institutional innovation experience of farming communities can influence innovations of farmers' income (Turner et al. 2013). The heterogeneous institutional context in the Duriaasi farming community provides a range of groups that are institutionalized differently, both local institutions in this case the Granary, P3A, and PERPADI, requiring selective and effective strategies from the Konawe Regency government. Actors' resources are important to consider in institutional management, because actors who contest in community spaces must have the resource capabilities to provide new opportunities for the changing dynamics of the development of the farming community. These strategies will create social skills in the

farming community so that the community does not feel dependent on one another. Farmer innovation creativity can be realized through community institutions with a program policy approach from the Konawe Government that is inclusive and can legitimize every farming community. This will have a positive effect on the dynamics of community economic income, because the most important goal of managing an institution is to increase the income of the community.

In the business sector, whatever community income is important is also to be developed as an evaluation in seeing the benefits and sustainability of the business (Rahmat and Hamdi 2007). Farmers' income can be seen from the average production yield and the selling price of the farmers' community grain to traders (rice millers). Sujithkumar (2008) and Ciaian Pavel et al. (2015) state that income will measure inequality in society and the extent of community welfare in development. The amount of income of farmers of Duriaasi Village, after deducting the amount of production costs incurred at each planting season (Arpai 2018). The table below illustrates the income from farming in the Duriaasi community in one growing season.

Table 1. Analysis of Income from Rice Farming in Duriaasi Village

No.	Description	Unit/Ha	Unit Price (Rp)	Price (Rp)
1.	Seeds	25	8,000	200,000
2.	Fertilizer			
	- Urea	400	1,800	720,000
	- SP-36	200	2,000	400,000
	- NPK Phonska	400	2,300	920,000
3.	Pesticides	-	-	1,000,000
4.	Labor			
	- Land management (plow tool)	2	-	1,200,000
	- Repairing bunds and making nursery	2	100,000	400,000
	- Planting	15	-	1,200,000
	- Fertilizing	2	100,000	400,000
	- Pesticide spraying	-	-	
	- Harvesting and threshing (bawon)	1	4,000	400,000
	Transportation	18	5,000	90,000

No.	Description	Unit/Ha	Unit Price (Rp)	Price (Rp)
5.	Total production cost	-	-	6,730,000
6.	Yield (GKP) (Kg)	4,000	4,500	18,000,000
7.	Profit (6-5)	-	-	11,270,000

Source: Arpai 2018

The description in the table above illustrates that the process of production costs for wet rice farming in one planting season is Rp6,730,000. The biggest cost was labor, at Rp3,490,000, followed by the purchase of fertilizer at Rp2,040,000 for one hectare of paddy field, followed by the purchase of pesticides at Rp1,000,000, and the smallest production cost was the seeds, at Rp200,000. This amount produces 4 tons of harvested unhusked rice (GKP) with rice sales worth Rp4,500/kg. The benefit profit of the farming community is Rp11,270,000 in one planting season. This profit means an average monthly income ratio of Rp2,817,500 for 4 months. This community income is dynamic, depending on the situation and price conditions of the market, as well as the condition of the rice quality, which will affect the contestation of price competition by traders both in the village (incumbents) and traders outside the village (challengers).

## CONCLUSION

The explanation of the innovation strategies carried out by the actors in the Duriaasi Village above confirms several things. First, strategic action fields (SAF) in innovating institutions are important for both the Konawe Regency government and traders (rice millers). The government, with all its policies, can influence the sustainability of the agricultural business of the Duriaasi rice farming community. So far, production costs are still a major burden for smallholder communities. Therefore, government agencies are required to innovate aid programs aimed at farming communities so that aid programs such as seed assistance and expansion of community rice fields can provide equal distribution to farmers.

The second point is the social environment of the farming community is still dominated by competition between traders (rice millers) both traders in the village (incumbents) and traders from outside the village (challengers) in buying the farmers' rice. Third, the arrival of traders from outside of Duriaasi to buy the farmers' rice will have a negative

impact on the sustainability of farmers' social relations with incumbent traders. This relationship can be seen from the provision of capital loans to smallholder communities that experience crop failure. Therefore, the social skills of the farming community need to be developed in order to maintain the social relations of the farmers and traders in the village (incumbents).

SAF has a significant influence in observing the development of rice farming income. This theory not only has an impact on political contestation in the struggle for power in the governance structure as used by Fligstein and McAdam, but can also be used in observing the contestation in the world of agricultural business as happening in Duriaasi Village, Konawe Regency. The most important aspect in the SAF concept in the agricultural sector is the rules and resources provided by the government in managing the institutions of the farming community, because these will affect the success of the community rice sales results and will reduce the high cost of agricultural production, which has been a major burden for the farming community. In addition, social skills in the SAF are also important to develop because they can have an impact on the mastery of the social environment for traders, both incumbents and challengers, so competition by each actor can have a positive impact on the sustainability of the rice farming business in Duriaasi.

#### REFERENCE

- Achwan, Rochman, 2013. "Kelekatan Kelembagaan: Industri Distro Fesyen di Bandung." *Masyarakat: Jurnal Sosiologi* 18(2):139-169.
- Adnan, Ricardi. 2014. "Dinamika Struktur-Agensi dalam Perkembangan Industri Otomotif Indonesia." *Masyarakat: Jurnal Sosiologi* 19(1):77-92
- Arpai, La Ode. 2018. *Kelekatan Kelembagaan Masyarakat Petani Padi*. Tesis. Universitas Indonesia.
- Allaire Gilles and Steven A. Wolf. 2004. "Cognitive Representations and Institutional Hybridity in Agrofood Innovation." *Journal Science, Technology, & Human Values* 29(4):431-458.
- Amrifo, Viktor. 2013. "Analisis Sosiologi Ekonomi Kelembagaan Dalam Transformasi Sosio Kultural Masyarakat Adat. Kasus Suku Duano di Provinsi Riau." *Jurnal Terubuk* 41(1):62-74.



- Anantanyu S. 2011. "Kelembagaan petani: Peran dan Strategi Pengembangan Kapasitasnya." *Jurnal SEPA* 7(2):102-109.
- Agarwal, Bina and Bruno Dorin. 2019. "Group farming in France: Why do some regions have more cooperative ventures than others?" *Journal EPA: Economy and Space* 51(3):781-804.
- Block, F., and P Evans. 2005. "The State and the Economy" in *The State and Handbook of Economic Sociology*. 2<sup>nd</sup> ed. Princeton: Princeton University Press.
- Botha, N., Coutts, J., Turner, J.A., White, T., & Williams, T. 2017. "Evaluating for Learning and Accountability in System Innovation: Incorporating Reflexivity in A Logical Framework." *Journal Outlook on Agriculture* 46(2):154-160.
- Creswell, John W. 2014. "Penelitian Kualitatif dan Desain Riset: Memilih di Antara Lima Pendekatan. Translated by Lazuardi Ahmad Lintang. 3<sup>rd</sup> ed. Yogyakarta: Penerbit Pustaka Pelajar.
- Ciaian Pavel, Kancs Artis and Sergio., G.P. 2015. "Income Distributional Effects of CAP Subsidies Micro Evidence from the EU." *Journal Outlook on Agriculture* 44(1):19-28.
- Disyacitta Fikri. 2018. "Pangan Yang Politis: Masalah, Dampak dan Solusi." *Jurnal Politik* 4(1):153-159.
- Dijk S.V, Berends H, Jellinek M., Georges & Weggeman., M. 2011. "Micro-Institutional Affordances and Strategies of Radical Innovation." *Journal of Organization Studies* 32(11):1485-1513.
- Evans, Peter. 2004 "Development as Institutional Change: The Pitfalls of Monocropping and the Potentials of Deliberation." *Studies in Comparative International Development* 38 (4):30-52
- Fligstein, Neil. 1996. "Markets as Politics: a Political-cultural Approach to Market Institutions." *American Sociological Review* 61:656-673.
- \_\_\_\_\_ and McAdam, Doug. 2010. *Toward a General Theory of Strategic Action Fields*. California Digital Library. University of California.
- \_\_\_\_\_. 2012. *A Theory of Fields*. Oxford: Oxford University Press.
- Fowler, A. 1992. *Prioritizing Institutional Development: A New Role for NGO*. Centre for Study and Development. Sustainable Agriculture Programme Gatekeeper Series SA35. IIED. London.
- Gamson, W. 1975. *A Strategy of Social Protest*. Homewood: The Dorsey Press.
- Gibcus, P. and Kemp, R.G. 2003. *Strategy and Small Firm Performance*. Zoetermeer: SCALES.

- Hinrichs, C. Clare, 2000. "Embeddedness and Local Food Systems: Notes on Two Types of Direct Agricultural Market." *Journal of Rural Studies* 16(2000):295-303.
- Horton, Paul B. and Chester L. Hunt. 1984. *Sociology*. 6<sup>th</sup> ed. McGraw-Hill.
- Hartono, Sri, 2005. "Pengaruh Kesesuaian Strategi Inovasi Dengan Sistem Kontrol Terhadap Kinerja Keuangan." *Jurnal Media Riset dan Akuntansi, Auditing dan Informasi* 5(3):249-270.
- Jhonsen, Robert E. and Douglas Bate. 2003. "The Power of Strategy Innovation." A New Way of Linking Creativity and Strategic Planning to Discover Great Business Opportunities. K.
- C. Sony and Bishnu Raj Upreti. 2017. "The Political Economy of Cardamom Farming in Eastern Nepal: Crop Disease, Coping Strategies, and Institutional Innovation." *Sage Open* 7(2):1-15.
- Lenzi Camilla, and Giovanni Perucca. 2019. "The Nexus between Innovation and Wellbeing Across the EU Space: What Role for Urbanisation?" *Urban Studies* :1-27
- Matts, C., Conner, D.S, Fisher, C., Tyler, S., & Michael., W.H. 2016. "Farmer Perspectives of Farm to Institution in Michigan: 2012 Survey Results of Vegetable Farmers." *Journal of Renewable Agriculture and Food System* 31(1):60-71.
- Manuela R. Agostini et al. 2016. "Social Innovation as a Proces to Overcome Institutional voids: a multidimensional overview." *Mackenzie Management Review* 17(6/special edition).
- Martínez, Rodrigo, Lizcano, E., Paloma, H.R., & Liuis Miret. 2018. "Innovation or 'Inventions'? The conflict between latent assumptions in marine aquaculture and local fishery." *Public Understanding of Science* 27(2):214-228.
- Murphy, Lyndon, Huggins R., & Piers Thompson. 2016. "Social capital and innovation: A comparative analysis of regional policies." *Environment and Planning C: Government and Policy* 34(6):1025-1057.
- Mitchell, G. Duncan (ed). 1968. *A Dictionary of Sociology*. Routledge and Kegan Paul, London.
- Nee, V. 2005. "The New Institutionalism in Economics and Sociology". in *The Handbook of Economic Sociology*. New Jersey: Princeton University Press and New York: The Russell Sage Foundation.
- Paassen, Annemarie, Klerkx L., Richard Adu-A., Samuel A.N., &, Elisabeth Z. 2014. "Agricultural innovation platforms in West Africa,

- How does strategic institutional entrepreneurship unfold in different value chain contexts?." *Journal Outlook on Agriculture* 43(3):193-200.
- Statistics Indonesia (BPS). 2018. "Hasil Survei Pertanian Antar Sensus (SUTAS)."
- Statistics Indonesia (BPS). 2018. "Kabupaten Konawe Dalam Angka".
- Statistics Indonesia (BPS). 2016. "Statistik Daerah Kecamatan Wonggeduku." Published by Konawe Regency.
- Ruttan, Ernon. 2006. "Social science knowledge and induced institutional innovation: an institutional design perspective." *Journal of Institutional Economics* 2(3):249-272.
- Rahmat, Mamat and Hamdi. 2007. "Pendapatan Masyarakat dari Hutan dan Faktor-faktor Sosial Ekonomi yang Mempengaruhinya: Kasus Desa Penyangga TNKS di Kabupaten Pesisir Selatan." *Jurnal Penelitian dan Sosial Ekonomi kebutanan* 4(2):193-204.
- Shanshan Zhang, Wang Z., Zhao X., & Min Zhang. 2017. "Effects of institutional support on innovation and performance: roles of dysfunctional competition." *Industrial Management & Data Systems* 117(1):50-67.
- Straub Michael Adam. 2017. "The Influence Of Power In Climate Change Media: Framing Strategies And Field Dynamics Of Institutional Actors, 1990-2015." *Thesis*. Millersville State University of Pennsylvania.
- Susilowati, Sri Hery. 2016. "Fenomena Penuaan Petani Dan Berkurangnya Tenaga Kerja Muda Serta Implikasinya Bagi Kebijakan Pembangunan Pertanian." *Jurnal Forum Penelitian Agro Ekonomi* 34(1):35-5.
- Sujithkumar, P. S. 2008. "Rural income diversification and inequality: A decomposition analysis by source income." *Journal Social Change* 38(2):263-273.
- Syahyuti, 2003. "Alternatif Konsep Kelembagaan Untuk Penajaman Operasionalisasi Dalam Penelitian Sosiologi." *Jurnal Forum Penelitian Agro Ekonomi* 21(2):113-127.
- Saptana, Wahyuni, S., Pasaribu, S. M. 2013. "Strategi Percepatan Transformasi Kelembagaan Gapoktan Dan Lembaga Keuangan Mikro Agribisnis Dalam Memperkuat Ekonomi Di Perdesaan." *Jurnal Manajemen & Agribisnis* 10(1).
- Siswoyo, D.M and Bambang. H, 2014. "Faktor Dan Upaya Dalam Proses Sukses Kepemimpinan Bisnis Keluarga Di PT. TP." *Jurnal AGORA* 2(2)

- Stuart, Guy and Sandhya Kanneganti. 2003. *Embedded Cooperation: Women's Thrift, Cooperatives in Andhra Pradesh*. John F. Kenedy School of Government Harvard University.
- Turner, S.F, Mitchell, W., & Richard, A. B. 2013. "Strategic Momentum: How Experience Shapes Temporal Consistency of Ongoing Innovation." *Journal of Management* 39(7):1855-1890.
- Turner, James A., Williams, T., Nicholas, G., Foote, Rijswijk, Bernard, Beechener & Akiko Horita. 2017. "Triggering system innovation in agricultural innovation systems: Initial insights from a community for change in New Zealand." *Outlook on Agriculture* 46(2):125-130.
- Taryoto AH. 1995. "Analisis Kelembagaan dalam Penelitian Sosial Ekonomi Pertanian Suatu Pengantar." *Prosiding Pengembangan Hasil Penelitian: Kelembagaan dan Prospek Pengembangan Beberapa Komoditas Pertanian*. Bogor: Pusat Penelitian Sosial Ekonomi Pertanian, Badan Penelitian dan Pengembangan Pertanian.
- Uphoff, Norman. 1992. "Local Institutions and Participation for Sustainable Development." *Gatekeeper Series SA31*. IIED. London.
- Veronice, Helmi, Henmaidi & Ernita Arif. 2018. "Pengembangan Kapasitas Dan Kelembagaan Petani Kecil Di Kawasan Pertanian Melalui Pendekatan Manajemen Pengetahuan." *Journal of Applied Agricultural Science and Technology* 2(2):1-10.
- Vereijssen, Jessica, Srinivasan, MS, Dirks S., dkk. 2017. "Addressing complex challenges using a co-innovation approach: Lessons from five case studies in the New Zealand primary sector." *Journal Outlook on Agriculture* 46(2):108-116.
- Vierimaa, Sanna-Mari. 2017. "Transnational Political Activities of The Swedish Finn Youth Organization." *Nordic Journal of Migration Research (NJMR)* 7(1):12-19.
- Wigena, Andriati and I Gusti Putu. 2011. "Strengthening Institutional Aspects of Plantation Revitalisation Programe for Replanting of Smallholder Oil Palm Plantation." *Jurnal Agro Ekonomi* 29:169-190.
- Zhang, Liyan, 2012. "The Stages of Political Innovation in Rural China's Local Democratisation: Four Cases of Villagers' Political Innovation." *China Report* 48(4):427-448.
- "Konawe Pertahankan Sebagai Lumbung Beras Sultra" accessed on 5 September 2019 (<https://sultra.antaranews.com/berita/283343/konawe-pertahankan-sebagai-lumbung-beras-sultra>).