

# The Effects of Small Crops Farmers' Education to the Accessibility of Financing and Use Patterns of Crops

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## Abstract

This study is assessing the effect of small crops farmers' education to accessibility and utilization of the financing pattern of crops. The analytical tool used is different, whether there is a difference for crop farmers with high educated middle class and lower educated small crops farmers. Research location is in Jambi, in two districts of Tanjung Jabung Barat and Muaro Jambi. The locations taken are SimburNaik Village in Tanjung Jabung regency and Gedung Karya in Muaro Jambi. The result of the research shows that there are different financing patterns used by the high educated small crops farmer with the lower educated small crops farmers. Highly educated farmers tend to use formal financing patterns, while middle and lower-income farmers tend to use informal financing patterns.

## Keywords

Crops Financing Pattern, Formal Financing, Informal

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## 1. Background

In this analysis, the small crops farmer education is divided into two categories: first, small crops farmers who are below high school education; second, small crops farmers with higher education. From these two categories, it is measured that the participation in the following two financing patterns of food crops has been run in the rural areas among the small farmers. First, the pattern of formal financing (program) consists of Credit for Family Enterprise, Family Enterprise Development and Empowerment Scheme, Credit for the Betterment of Society's Economy and Credit for Society's Empowerment Program. Second, the pattern

of non-formal/informal financing consists of financing patterns from rice mill mills, middlemen, loan sharks, landowners, *julo-julo* system and lending to each other. Of the two patterns of financing (the pattern of program financing and non-formal financing patterns) measured, a study was conducted from two villages that became the location of the study: first, the village of KaryaKarya, Kumpeh sub-district, Muaro Jambi Regency; second, the village of Simbur Naik Kecamatan Sabak, Tanjung Jabung Timur Regency (**Appendix**).

The two patterns of financing and two research locations result in four results of the calculation: first, the participation of small crops farmers in the village of Gedung Karya in the formal financing pattern (program); second, the participation of small crops farmers that are below middle school [1].

Small crops farmers under-educated who took advantage of informal financing patterns are 98%, and those not participating in the informal financing pattern are 2%. College-educated crop farmers who took advantage of informal financing pattern are 94% and the rest are 6% who did not participate in utilizing the financing pattern.

Relatively almost all homogeneous small crops farmers in terms of education in exploiting the pattern of informal financing are caused by various factors, including: 1) this financing pattern is accessed by all groups of small farmers in the countryside; 2) the pattern of informal financing does not require a lot of provisions, thus attracting farmers to use it; 3) this pattern of informal financing does not involve collateral material and loan use proposals, making it easier for all layers of farmers to utilize it; 4) it is available at any time required by farmers.

## **2. Analysis of the Effect of Small Crops Farmers' Education on Accessibility and Exploitation of Agriculture Financing Pattern (Table 1)**

From the result of chi square test calculation in two research location villages, it can be seen that for the financing pattern of the program there are significant differences, on accessibility and utilization of crop agriculture financing pattern, if seen from education level of small crops farmer, if seen from educational level of small crops farmer in the countryside. For informal financing patterns, there are no significant differences, in utilizing the financing pattern, when viewed from the side of the small farmer education in rural food crop [2].

The study results of Mubyarto [3] paper, titled "Accelerating Social Justice Through Development of Rural Credit System", indicating that the provision of financing for the rural population is very effective to expedite justice without over viewing educational level of rural communities, relatively difficult to realize. The results of this study indicate that program financing will not be able to achieve social justice for rural communities. Because only enjoyed by a handful of elites that exist in rural communities. Non-formal financing patterns aligned with Mubyarto's research. Because this pattern of non-formal financing can

**Table 1.** The impact of small crops farmers' education on accessibility and utilization of agriculture financing in rural areas.

N°	Financing Pattern	X <sub>2</sub> count	X <sub>2</sub> table DF. 5%	X <sub>2</sub> table DF. 1%	X <sub>2</sub> table DF. 0.5%	Information
1	Program, In Gedung Karya	16.22	3.8415	6.6349	7.8794	Significant
2	Program, At Simbur Naik	15.76	3.8415	6.6349	7.8794	Significant
3	Non-formal, In Gedung Karya	3.18	3.8415	6.6349	7.8794	No Significant
4	Non-formal, At Simbur Naik	0.80	3.8415	6.6349	7.8794	No Significant

Source: Primary data processing, 2017.

be enjoyed equally by the rural population, regardless of the educational strata.

The results of Jensen Hamp and Hanning [4] study, which states that the existing financing pattern in the countryside is only enjoyed by a small number of rural elites, is very suitable with the results of the study of the pattern of program financing. Because, from the results of research for the pattern of financing the program, it appears that the pattern of financing the program is only enjoyed by small farmers who have high education, while low-educated farmers are unable to access and utilize the financing pattern of this program.

Ashari and Supana [5], argue that low-educated food cultivators are very difficult to access the financing that exist in the countryside. The results of Ashari and Supana's study, suitable for the program financing pattern, do not match the pattern of non-formal financing. As for the pattern of program financing can only be accessed by sebahagian small farmers only.

Roger [6], states that the educational level of rural small farmers was able to differentiate their acceptance of the changes that fit into their environment. From the review of the study that conducted, it is apparent that for the financing pattern that demands many requirements it can only be accessed and utilized by the small educated farmers. Low-educated small farmers are only able to access and utilize financing patterns that do not require many requirements.

The results of these studies were able to further clarify the results of research that dialkukan by previous researchers. Good research conducted Mubyarto, Stefan Jansen, Michael Hamp and Alfred Hanning and Ashari and Supana and Everet M. Roger, that the pattern of financing disbursed by the government program, containing subsidies, only to be enjoyed by the elite-educated village alone, while the pattern of non-formal financing that comes from the community, will be able to be enjoyed by the majority of small farmers more evenly.

Therefore, if the government will launch a variety of financing schemes which contains subsidy program, the distribution pattern of such financing should be channeled through non-formal financial institutions. Like the rice mill, so the financing pattern that contains the subsidy can be enjoyed by small crops farmer

**Table 2.** Differences of previous studies with opinions in this study.

The contribution to the new science	Opinion that developed during this time
<p>The results of this study are able to further clarify all the opinions of previous experts.</p> <p>1) Mubyarto's opinion that the pattern of financing is very effective to accelerate justice is the pattern of non-formal financing. Because of this financing pattern that can be accessed and utilized by all levels of small farmers in rural education.</p> <p>2) The opinion of Stefan Jansen, Michael Hamp and Alfred Hanning, which states that the pattern of financing in the countryside can only be enjoyed by a few elite farmers in the countryside. The pattern of financing referred to by the researcher is the pattern of program financing.</p> <p>3) Ashari and Supana's opinion, which states that small farmers of low-educated food crops are very difficult to access the existing patterns of financing in the countryside, is the pattern of program financing.</p> <p>4) Everet opinion of M. Roger, who stated that the educational level of rural small farmers were able to distinguish the acceptance of information in the agricultural sector. This suggestion suggests that a multi-financing pattern requiring requirements will only be adopted by a highly educated small farmer. While the pattern of financing that does not demand a variety of requirements will be able to be adopted and utilized by small farmers who have low education.</p>	<p>1) Mubyarto, stated that various patterns of financing for small farmers of rural food crops are very effective to accelerate economic justice in the midst of society.</p> <p>2) Stefan Jansen, Michael Hamp and Alfred Hanning, stated that the financing patterns in rural are only able to be enjoyed by only a limited number of elite farmers in the countryside.</p> <p>3) Ashari and Supana, argue that small farmers of low-educated food crops are very difficult to access the existing patterns of financing in the countryside.</p> <p>4) Everet M. Roger, stated that the educational level of rural smallholders is able to distinguish their acceptance of various information in the agricultural sector.</p>

Source: Zamzami [8].

more evenly. If the pattern of financing is channeled through formal financing institutions, then that will only enjoy the pattern of financing is only a handful of elite farmers who are well educated [7].

### 3. Contribution to the New Science in This Research

In this study it contributes to new science, in terms of clarifying the theory put forward by previous experts (Table 2).

### 4. Conclusions

From the results of the discussion conducted, it can be concluded as follows:

The pattern of financing agricultural crops will be effective if there is a mutually beneficial relationship between small farmers and mutually beneficial institutions.

From the pattern of formal financing (program), the pattern of credit financing business community economic strength (Kupem), is the best financing pattern to be an effective pattern of financing for small farmers of food crops in rural areas. Because of the results that effectiveness analysis conducted, the pattern of financing Kupem is the pattern of financing the most characteristic high pro-

gram effectiveness. So Kupem's financing pattern is a suitable financing pattern to be used as a financing pattern for the program among small farmers in rural areas.

For the pattern of informal financing, the financing pattern is derived from a rice milling plant financing pattern of the highest effectiveness. Therefore, the financing patterns derived from rice milling plant are the most viable financing scheme to be effective financing pattern among small farmers of food crops in the countryside.

The financing pattern of selected rice millers as an effective financing pattern can be assessed from three perspectives: first, from a socio-cultural perspective, and both from a religious and third perspective from an economic perspective.

When assessed from the level of participation of smallholder cultivators in the formal financing scheme (program), there is a significant difference between small farmers of high-educated food crops and low- and middle-income food crop farmers in accessing and utilizing financing.

For the pattern of informal financing, there are no significant differences for accessing and utilizing the pattern of informal financing, among small farmers in rural crops who were highly educated and food crops of small farmers in the countryside who were educated lower.

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## Appendix

**Appendix 1.** Participation of small crops farmer in formal financing pattern in Desa Gedung Karya and Education Level.

Participation in the pattern of program financing	Education of food farmers				All levels of education	
	Medium		High		N	%
Join the program financing pattern	20 people	5%	15 people	88%	35	9
Do not participate	374 people	95%	2 persons	12%	376	91
Amount	394	100%	17	100%	411 people	100%

Source: Primary Data Processing, Year 2017.

**Appendix 2.** Participation of small crops farmer in the pattern of non-formal/informal financing and level of education in the Village Building Works.

Participation in the pattern of program financing	Education of small farmers of food crops				All levels of education	
	Lower secondary education		Higher education		N	%
Join the informal financing pattern	386 people	98%	16 people	94%	402 people	98%
Do not participate	8 people	2%	1 person	6%	9 people	2%
Amount	394	100%	17	100%	411 people	100%

Source: Primary Data Processing, Year 2017.

**Appendix 3.** Participation of small crops farmers in the village of Simbur Rise in formal financing scheme (program) and the level of education.

Participation in the pattern of program financing	Education of small farmers of food crops				All levels of education	
	Lower secondary education		Higher education		N	%
Join the formal financing pattern	35 people	5%	26	81%	61 people	8%
Do not participate	687 people	95%	6 people	9%	693	92%
Amount	394	100%	32	100%	754 people	100%

Source: Primary Data Processing, Year 2017.

**Appendix 4.** Participation of small farmers in the village crops Simbur Up in the financing pattern of non-formal/informal and less educated.

Participation in the pattern of program financing	Education of small farmers of food crops				All levels of education	
	Lower secondary education		Higher education		N	%
Participate in the formal financing patterns	705 people	98%	30people	94%	735 people	97%
Do not participate	17 people	2%	2 people	6%	19 people	3%
Amount	722	100%	32	100%	754 people	100%

Source: Primary Data Processing, Year 2017.