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Partnership Concept of Milk Processing Industry with Milk Producing Cooperatives for Prosperity Dairy Farmers

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Abstract. The management of dairy farming in Indonesia is considered not optimal, it can be seen from the insufficient domestic consumption of fresh milk, even though the productivity of fresh milk always increases every year. The government's action to import milk from abroad to meet the needs of fresh milk has caused a decrease in domestic productivity and availability of fresh milk, which in turn has an impact on the unfulfilled welfare of dairy farmers. The partnership between the milk processing industry and cooperatives is carried out in an effort to realize the welfare of dairy farmers. Besides having to fulfill the legal requirements of the agreement, a partnership must also contain clear, balanced, and fair clauses for the parties.

Keywords. Partnership, Milk Processing Industry, Milk Producing Cooperative, Welfare, Dairy Farmers

Preliminary Background

Indonesia as a developing country continues to make national development efforts because development is a process of change towards a better direction that can be carried out in various fields, such as the economic, social, political, and other fields. National development is carried out with various policies and strategies to realize the ideals and goals of the Indonesian nation. One of the national development efforts undertaken by the Indonesian government is through the development of the livestock sector.

Animal husbandry is one of the supporting sectors for national development in the economic sector which aims to improve the welfare of farmers by increasing the income of farmers, maintaining community food security, preserving the environment, and protecting the country's foreign exchange.¹ Animal husbandry also plays an important role in maintaining the availability of meat, milk and egg production as a form of meeting the needs of the community's animal protein sources, and to meet the availability of industrial raw materials.

Fresh milk production in Indonesia has increased every year, namely in 2017 as many as 928,108 tons, in 2018 the number was 951,003 tons, and in 2019 the number was 996,442 tons, of which the largest milk producing area is East Java.² However, the demand for milk

¹Citra Rianzani. The Neang Mukti Farmer Group's Dairy Farm Business Development Strategy in Air Naningan District, Tanggamu Regency. *Journal of Agribusiness Sciences*, Vol. 6 No. 2, May 2018, p. 179.

²<https://bps.go.id>, accessed on 22 July 2020.

consumption by Indonesian people and the demand for raw materials for food or beverages that are sourced from animal protein has not been fulfilled by the productivity of domestic dairy cows, this is due to the growing population, but in contrast to the continued availability of cow's milk. decreased every year. Data from the Agricultural Information System Data Center (Ministry of Agriculture) noted that in 2017, the availability of domestic cow's milk (SSDN) was only able to supply 26.46% of the domestic raw material needs for fresh milk (SSDN) which reached 3.8 million tons. per year. Furthermore, the remaining 73.54% need for fresh milk raw materials is met by importing fresh milk from abroad.³

The import of milk by the government to meet the domestic availability of fresh cow's milk can result in direct losses to the Indonesian dairy farming sector. The high import value of milk will lead to depletion of national foreign exchange, and even increase in unemployment because the human resources available are not utilized to develop agribusiness, especially dairy farming.⁴The government, in this case, has not optimally utilized the domestic livestock sector for development efforts through the economic sector. The continued import of cow's milk will lead to a decline in productivity and availability of domestic cow's milk, so that in the end it will have an impact on the unfulfilled welfare of dairy farmers due to the weakening economy.

The main problem that needs attention is how to empower cow breeders as the spearhead of the success of the cow's milk business in order to achieve prosperity. Improvements in business management, business management, care and maintenance of dairy cows are needed to produce high quality and quantity milk. Efforts to empower dairy farmers will not run optimally if only the dairy farmers themselves see that not all dairy farmers have good knowledge and abilities. Efforts to empower dairy farmers require guidance and direction from those who are competent in the field, both from the care and maintenance process, business management, distribution or marketing of production products.

Problems related to the management or management of a dairy cow's milk business can be overcome by establishing cooperation between cow breeders and milk-producing cooperatives. A cooperative is a joint business entity engaged in the economic sector, consisting of people whose economies are classified as weak who join voluntarily and on the basis of equal rights, have an obligation to carry out a business aimed at meeting the needs of its members and helping the economic difficulties of its members.⁵Cooperatives have limitations related to financing or capital, mastery of technology and information, market access, and the high value of imported milk because the community prefers imported milk that the cooperative cannot yet overcome. So a partnership between the Milk Processing Industry (IPS) and milk-producing cooperatives is needed to create a good and appropriate milk management strategy with the aim of making dairy farmers prosperous. A well-executed and appropriate partnership between the milk processing industry and milk-producing cooperatives will help the welfare of dairy farmers.

Based on the description above, the author is interested in making research articles with the title "Concept of Partnership between the Milk Processing Industry and Milk Producing Cooperatives in Realizing the Welfare of Dairy Farmers". The topic of discussion in this article is related to partnerships, milk-producing cooperatives, the milk processing industry, and the welfare of dairy farmers.

Formulation of the problem

³Anna Astrid Susanti and Akbar. Outlook for Cattle Dairy Farming Commodities. (Jakarta: Center for Agricultural Data and Information System, Secretariat General of the Ministry of Agriculture 2019), p. 46.

⁴Titin Agustina. Outlook for Agricultural Commodities in Dairy Farming Subsector. (Jakarta: Center for Agricultural Data and Information System, Secretariat General of the Ministry of Agriculture 2016), p. 3.

⁵G. Kartasapoetra. Indonesian Cooperative Based on Pancasila and UUD 1945, 5th Cet. (Jakarta: Rineka Cipta, 2001), p. 1.

Based on the background described above, the writer can determine several problem formulations as follows:

1. What is the concept of partnership between the milk processing industry and milk-producing cooperatives in realizing the welfare of dairy farmers?
2. How is the partnership between the milk processing industry and milk producing cooperatives to increase milk productivity for dairy cows?

Literature review

1. Partnership

Etymologically, partnership comes from the English word "partnership" which means partnership or partnership. Partnership comes from the root word partner which means partner or ally.⁶ Partnership in Indonesian Thesaurus comes from the word partner which means co-workers, work partners, collaborators, colleagues, relations.⁷

The definition of partnership according to experts and scholars is as follows:

a) Notoatmodjo

Partnership is a formal collaboration established between groups of individuals, groups or organizations to achieve certain goals.⁸

b) SentonoeKertonegoro in Rukmana

Partnership is a cooperation between partners and is mutually beneficial, by placing both parties in an equal or equal position.⁹

c) Muhammad Jafar Hafsah

Partnership is a business strategy carried out by two or more parties within a certain period of time with the aim of achieving mutual benefits with the principle of mutual need and mutual growth.¹⁰

Indonesian positive law also explains the meaning of partnership in Article 1 paragraph (13) of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, which contains the following:

"Partnership is cooperation in business linkages, either directly or indirectly, on the basis of the principles of mutual need, trust, strengthening, and benefits involving Micro, Small and Medium Enterprises and Large Enterprises."

Based on the definition of partnership above, it can be seen that in a partnership there are 3 (three) main elements, namely:

- 1) The element of cooperation, where one party is a small business, on the other hand is a medium or large business;
- 2) The element of obligation, where there are medium and large entrepreneurs who have the obligation to carry out guidance and development of small entrepreneurs;
- 3) The mutual need element, where the parties, both small, medium and large businesses, mutually reinforce and benefit each other.¹¹

⁶Ambar Teguh Sulistiyani. Partnerships and Models of Empowerment. (Media Style: Yogyakarta, 2004), p. 129.

⁷Indonesian Thesaurus Editorial Team. Indonesian Language Thesaurus Language Center. (Jakarta: Language Center of the Ministry of National Education, 2008), p. 323.

⁸Soekidjo Notoatmodjo. Health Behavior and Education. (Jakarta: Rineka Cipta, 2003), p. 30.

⁹Rukmana. Strategic Partnering For Education Management = Education Management Model Based on Partnership. (Bandung: Alfabeta, 2006), p. 60.

¹⁰Mohammad Jafar Hafsah. Business Partnership. (Jakarta: Sinar Harapan, 2000), p. 10.

¹¹Subanar. Small Business Management. (Yogyakarta: BPFE, 1997), p. 14.

The urgency of partnerships is to increase the empowerment of small businesses so that they are able to be independent from other parties and are able to improve quality in the management, product, marketing and technical fields.¹²

The partnership implementation must adhere to 3 (three) important principles, namely:¹³

1. The principle of equality or balance (equity)

The partnering parties have equal, equal and balanced rights and obligations. Neither party is in power, so one must respect each other, respect, trust each other, and must feel that each other is equal and equal in order to achieve agreed goals.

2. The principle of openness or transparency

Openness in a partnership is necessary to avoid mutual suspicion between the partners. Partnership parties must be willing to be open about their strengths and weaknesses, and be open about their resources, both in terms of information and financial management. Openness or transparency will create a sense of complementarity and mutual help between the partners.¹⁴

3. The principle of mutual benefit and mutual benefit

The partnership must bring benefits to the parties involved in accordance with the contribution of each party.

The types of partnerships according to Beryl and Jean Mulroy in Tri WedaRaharjo are divided into 4 (four) types, as follows:

1. *Potential Partnership*, namely a partnership in which the parties as partnership actors care about each other, but have not worked closely together;
2. *Nascent Partnership*, namely a partnership in which the parties are partners, but the efficiency of the partnership is not optimal;
3. *Complementary Partnership*, namely partnerships that gain benefits and increase in influence through great attention to a fixed and relatively limited scope of activities;
4. *Synergistic Partnership*, namely partnerships that provide benefits and influence on partners with systematic development problems through the addition of a new scope of activities such as advocacy and research.

The process of implementing the partnership is carried out in several stages as follows:¹⁵

1. Introduction related to the problem at hand;
2. Selection on the problem at hand;
3. Identifying potential partners and potential actors through correspondence, telephone calls, sending brochures, activity plans, vision, mission, and AD / ART;
4. Identifying the role of partners / cooperation networks among partners in an effort to achieve goals, through discussions, meeting forums, visits by both parties, and so on;
5. Fostering agreement between the parties regarding the form of partnerships, goals and responsibilities, determining the formulation of activities, integrating the resources owned by each work partner, and so on. Furthermore, the parties are open to carrying out a more varied range of activities as long as they are within the scope of the agreement;
6. Prepare a work plan that includes the creation of a Power of Attorney (POA), preparation of work plans and activity schedules, arrangement of roles in partnerships, and division of tasks and responsibilities in partnerships;

¹²M. Tohar. Opening a Small Business. (Yogyakarta: Kanisius, 2000), p. 109.

¹³Yusuf Wibisono. Dissecting CSR Concepts and Applications. (Fresic: Fascho Publishing, 2007), p. 103. See also Nana Rukamana. Op. Cit., P. 63.

¹⁴Tri Weda Raharjo. *Community Economic Development through Strengthening UMKM Business Partnerships, UMKM Business Partnerships, Cooperatives, and Corporations*. (Surabaya: CV. Jakad Publishing, 2008), p. 12

¹⁵Ibid., P. 13-14.

7. Carry out integrated activities by implementing activities in accordance with what has been mutually agreed upon, through activities, technical assistance, periodic reports, and so on.

2. Milk Producing Cooperative

Etymologically, cooperation comes from the English word "cooperation" which means cooperation. A cooperative is a joint business entity engaged in the economic sector, whose members are people with weak economies who join voluntarily and on the basis of equal rights, are obliged to carry out a business with the aim of meeting the needs of its members and helping the economic difficulties of these members.¹⁶ Indonesian positive law also explains the meaning of cooperatives in Article 1 number 1 of the Law of the Republic of Indonesia Number 17 of 2012 concerning Cooperatives, as follows:

"A cooperative is a legal entity established by an individual or a cooperative legal entity, with the separation of the assets of its members as capital to run a business, which fulfills the common aspirations and needs in the economic, social and cultural fields in accordance with the values and principles of the cooperative."

Another positive law that explains the meaning of cooperatives is Article 1 number 11 of the Regulation of the Minister of Agriculture of the Republic of Indonesia Number 26 / PERMENTAN / PK.450 / 7/2017 concerning the Supply and Distribution of Milk, as follows:

"Cooperatives are business entities whose members are individual or cooperative legal entities by basing their activities on the cooperative principle as well as a people's economic movement based on the principle of kinship."

Cooperatives aim to enlarge the businesses run by their members based on kinship principles, not to enlarge the businesses run by the cooperative itself.¹⁷ Cooperatives in Indonesia aim to develop the welfare of their members in particular and develop the welfare of society in general. Indonesian cooperatives do not make profit the main measure of welfare, because they are an association of people, not an association of capital, so they prioritize the benefits received by members compared to the profits generated. The objectives of cooperatives are also explained in Article 3 of the Cooperative Law and even explain the objectives of cooperatives, as follows:

"Cooperatives aim to improve the welfare of members in particular and society in general, as well as being an inseparable part of a democratic and just national economic order."

The purpose of the cooperative is in line with the function and role of the cooperative. The functions and roles of cooperatives are as follows:¹⁸

- 1) Build and develop economic potential and capacity to improve the economic and social welfare of members in particular and society in general;
- 2) Participate actively in efforts to improve the quality of people's lives;
- 3) Making cooperatives as pillars in strengthening the people's economy as the basis for the strength and resilience of the national economy;
- 4) Trying to create and develop a national economy which is a joint effort based on the principles of kinship and economic democracy.

Cooperatives will play a role in developing business power and community creation, increasing people's income, increasing the standard of living and national intelligence, fostering

¹⁶G. Kartasapoetra. Indonesian Cooperative Based on Pancasila and UUD 1945, 5th Cet. (Jakarta: Rineka Cipta, 2001), p. 1

¹⁷Priyono and A Priyanti. Strengthening Dairy Cooperative Institutions through the National Animal Husbandry Area Development Approach. WARTAZOA Journal, Vol. 25 No. 2, 2015, p. 90.

¹⁸Tri Weda Raharjo. Op. Cit., P. 20.

the continuity of economic democracy development in creating jobs to reduce unemployment.¹⁹ All of this can be achieved if the cooperative adheres to the following principles:²⁰

1. Membership in cooperatives is voluntary and open;
2. Supervision carried out by members is carried out in a democratic manner;
3. Cooperative members play a role and participate actively in every economic activity carried out by the cooperative;
4. Cooperative is a self-help business entity that is autonomous and independent;
5. Cooperatives provide education and training for members, administrators, employees and supervisors, as well as provide information to the public regarding information on identity, activities and benefits of cooperatives;
6. Cooperatives provide excellent service to their members and strengthen the cooperative movement, by working together through a network of activities at the local, regional, national and international levels; and
7. Cooperatives work for sustainable development for the environment and society through policies agreed upon by their members.

The types of cooperatives based on the cooperative law consist of:²¹

1. Consumer cooperatives, namely cooperatives that carry out service business activities in the field of providing necessities, both goods for members and non-members.
2. Producer cooperatives, namely cooperatives that carry out service business activities in the field of procurement of production facilities and marketing produced by members to members and non-members.
3. Service cooperatives, namely cooperatives that carry out non-savings and loan service business activities required by members and non-members.
4. Savings and loan cooperatives, namely cooperatives that run a savings and loan business as the sole means of serving members.

Dairy-producing cooperatives are a form of cooperation between cooperatives and dairy farmers. In this case, cow milk farmers become members of a cooperative and cooperative as a forum for dairy farmers to develop their business. Cooperatives help dairy farmers in terms of marketing and management of the dairy business, given the limitations of farmers in this regard.

3. Dairy Processing Industry

Industry is an activity or business to process raw materials or semi-finished materials into finished goods, so that they have added value that generates profits. Nursid in Erik explains the broad understanding of industry as a human activity in utilizing resources, whereas industry is an economic activity for processing finished or semi-finished goods.²²

Milk is a yellowish or bluish-white liquid that results from the secretion of the udder glands that are being lactated without adding or reducing components and having not undergone any processing.²³

The milk processing industry (IPS) according to the Dairy Industry Roadmap published by the Ministry of Industry, Directorate General of Agro and Chemical Industry, is a milk manufacturing business, whether powdered milk, sweetened condensed milk, sour milk, milk cream or milk cream, as well as milk preservation processes (sterilization and pasteurization).

¹⁹G. Kartasapoetra, et.all. Cooperative Management Practices. (Jakarta: PT Bina Adiaksara and PT Rineka Cipta, 2005), p. 7.

²⁰ See Article 6 paragraph (1) of Law of the Republic of Indonesia Number 17 of 2012 concerning Cooperatives.

²¹See Article 83 of the Law of the Republic of Indonesia Number 17 of 2012 concerning Cooperatives.

²²<https://a-research.upi.edu> accessed on February 14, 2021

²³<https://agropustaka.id> accessed on February 13, 2021

The production activities of the milk processing industry focus on processing fresh milk raw materials into several milk products or their derivatives.

4. Dairy Farmer Welfare

Etymologically, welfare comes from the word prosperous which means peace, safe, happy, prosperous, serene, peaceful.²⁴ Welfare in terms is a condition in which a person is able to meet basic needs, both the need for food, drinking water, clothing, shelter, and has the opportunity to continue his education and have adequate work to support his quality of life, so that his life is free from poverty, fear or worry, and ignorance, so that his life will be safe, physically and mentally peaceful.²⁵ Welfare according to Rambe in Zainuddin is an order of life and social, material, and spiritual life which is followed by a sense of safety, decency and tranquility of oneself, household and community both physically and mentally which enables every citizen to make efforts to fulfill physical, spiritual and social needs. the best for oneself, household, and society by upholding human rights.²⁶

Indonesian positive law explains the meaning of welfare, more precisely social welfare in Article 1 number 1 of Law of the Republic of Indonesia Number 11 of 2009 concerning Social Welfare, as follows:

"Social Welfare is a condition for the fulfillment of the material, spiritual and social needs of citizens in order to live properly and be able to develop themselves, so that they can carry out their social functions."

The level of one's welfare is related to the level of satisfaction and pleasure obtained in life. Kalle in Bintarto argues that welfare can be measured from several aspects of the quality of life, including material aspects (such as quality of houses, foodstuffs and some), physical aspects (such as body health, natural environment, and so on), mental aspects (such as educational facilities, environment). culture, and so on), and spiritual aspects (such as morals, ethics, conformity, and so on).²⁷

The welfare of cattle breeders, especially dairy cows, can be realized by improving the quality of breeders. Good quality breeders will increase the productivity of fresh milk, so that farmers' income is guaranteed. Dairy cattle farmers can be said to be prosperous if the needs of dairy farmers are met, both material and financial and spiritual needs. With the fulfillment of the needs of dairy farmers, they can get benefits that can be used to meet their daily needs and develop their business.

Discussion

1. Concept of Partnership between Milk Processing Industry and Milk Producing Cooperatives

The partnership between the milk processing industry and the milk-producing cooperative is due to an agreement between the two parties. The agreement deals with the mechanism for distributing cow's milk, the amount of supply, payment methods, and so on. The agreement in a partnership between the milk processing industry and milk-producing cooperatives shows that there is an agreement in it as a form of implementation of the wishes of the partners.

²⁴Indonesian Thesaurus Editorial Team. Op.Cit., P. 434.

²⁵Rosni. Analysis of the Level of Welfare of Fishermen Community in Dahari Selebar Village, Talawi District, Batubara Regency. *Journal of Geography*, Vol 9 No. 1, 2017, p. 57.

²⁶Zainuddin. Fishermen Toward Prosperity. National Seminar II USM 2017 Exploration of Aceh Maritime Wealth in the Era of Globalization in Realizing Indonesia as a World Maritime Axis, Vol. 1, October 2017, lhm. 418.

²⁷Bintarto. Village-City Interaction and Its Problems, (Jakarta: Ghalia Indonesia. Jakarta, 1989), p. 44.

The agreement aims to avoid losses that may occur in the future. A written agreement can also be used as valid evidence if one of the partners violates the agreement that has been made. The partnership agreement between the milk processing industry and the milk-producing cooperative must meet 4 (four) legal terms of the agreement in general, namely an agreement, skills, a certain matter, and a lawful cause or cause.²⁸

1. Deal

The parties to the partnership agreement between the milk processing industry and the milk-producing cooperative must mutually agree and mutually agree on the contents of the agreement made. The agreement of the parties is realized by signing the agreement made.

2. Proficiency

Proficiency in this case is related to adult criteria. The parties to the partnership agreement between the milk processing industry and the milk-producing cooperative must be competent or in other words, they must meet the adult criteria in accordance with the provisions of the law. Skill is important because it relates to accountability if problems occur in the implementation of a partnership agreement and involves the law in its resolution, so that the parties are required to be adults who are capable of taking legal actions.

3. Certain things

Certain things relate to the clarity of the object of the agreement. The object in the partnership agreement between the milk processing industry and the milk-producing cooperative must be clear, in this case the criteria for fresh milk from the milk-producing cooperative to be submitted to the milk processing industry, such as quality, content, milk temperature, and so on.

4. Because or causa that is lawful

Cause or causa that is lawful means that the contents of an agreement do not conflict with public order, decency, and applicable laws. The partnership agreement between the milk processing industry and milk-producing cooperatives in its clauses must contain things that are lawful or permissible, not contain things that violate or conflict with public order, morals, and applicable laws.

The partnership agreement between the milk processing industry and the milk-producing cooperative can be said to be valid if it meets 4 (four) conditions, and to obtain legal recognition before the law, the agreement must be made with an authentic deed made by a notary or authorized official as in accordance with the provisions of Article 1 number 13 Regulation of the Business Competition Supervisory Commission Number 01 of 2015 concerning Procedures for Supervision of Partnership Implementation.

In an agreement, one of the most important things is the existence of a clause regarding the rights and obligations of each party as the core of the contents of the agreement. The rights that a person has shows that the person has privileges, authority, or power, while the obligations that a person has means that the person is asked for an attitude or action that is in accordance with the privileges of the other person.²⁹ Rights and obligations have the same position, so that their implementation must also run in a balanced manner.

In a partnership agreement, rights and obligations are interrelated and play an important role. The rights and obligations of the partnering parties are the basis for consideration of the birth of the agreement. Parties to the partnership agreement must exercise their rights and obligations in a balanced manner. The rights and obligations that are carried out in a balanced manner by the partners will create justice.

²⁸ See Article 1320 of the Civil Code.

²⁹ Theo Huijbers. *Philosophy of law*. (Yogyakarta: Kanisius, 1995), p. 95.

In essence, justice is achieved if everything that is the right and obligation is fulfilled. Justice requires actions that are proportional, appropriate, balanced and in accordance with the rights of everyone.³⁰ To achieve justice for the partners, the partnership agreement between the milk processing industry and the milk-producing cooperative must contain clauses on the rights and obligations of the parties as stipulated in the Government Regulation of the Republic of Indonesia Number 44 of 1997 concerning Partnerships.

The partnership between the Milk Processing Industry and the Milk Producing Cooperative is carried out through the process of distributing dairy milk from the farmer to the Milk Processing Industry through 4 (four) stages, as follows:³¹

- 1) Dairy farmers from various locations deposit or deliver cow's milk from their farms to the milk storage place (TPS) as the closest point previously determined by the cooperative.
- 2) The cooperative picks up milk from the TPS at certain hours by using the milk transportation means to be accommodated in the cooperative.
- 3) The cooperative then carries out tests and tests on the quality of milk produced by farmers, and the results of these tests and quality tests will be adjusted to the price of milk per liter.
- 4) The milk that has passed the test is collected by the cooperative and then distributed to the milk processing industry. Furthermore, the milk processing industry provides price information and makes payments on the price of milk to the cooperative.

2. Partnership between the Milk Processing Industry and Milk Producing Cooperatives as a Strategy to Increase the Productivity of Dairy Cows

The partnership is one of the Indonesian government's strategies to increase the productivity of dairy cows and meet the domestic demand for fresh milk (SSDN). The government requires business actors to establish partnerships, both with breeders, and / or cooperatives in accordance with the Regulation of the Minister of Agriculture of the Republic of Indonesia Number 33 / PERMENTAN / PK.450 / 7/2018 concerning the Second Amendment to the Regulation of the Minister of Agriculture of the Republic of Indonesia Number 26 / PERMENTAN / PK.450 / 7/2017 concerning the Supply and Distribution of Milk.³²

The development of a dairy farming business has great prospects for improving the welfare of cattle breeders and even the national economy. The magnitude of the prospects for the cattle business can be seen from the increase in the amount of fresh milk production each year, as evidenced in 2017 the results of fresh milk production were 928.1 tons, in 2018 it was 951 tons, and in 2019 it was 996.4 tons.³³ A well-planned and well-managed livestock business is needed to optimize the profits of the dairy cattle business being run, so that it can provide good prospects and large profits.

³⁰Aryo Dwi Prasnowo and Siti Malikhatun Badriyah. Implementation of the Principle of Balance for the Parties in the Standard Agreement. *Journal of Magister Hukum Udayana (Udayana Master Law Journal)*, Vol. 8 No. May 1, 2019, p. 69.

³¹Kuntoro Boga Andri. Assessment of the Potential of Community Dairy Business Development in Trenggalek Regency. This article was presented at the National Seminar on Food and Energy Sovereignty at the Faculty of Agriculture, Trunojoyo University, Madura, in June 2012, p. 6.

³²See Article 23 Regulation of the Minister of Agriculture of the Republic of Indonesia Number 33 / PERMENTAN / PK.450 / 7/2018 concerning the Second Amendment to the Regulation of the Minister of Agriculture of the Republic of Indonesia Number 26 / PERMENTAN / PK.450 / 7/2017 concerning the Supply and Distribution of Milk. In this regard, in Article 87 paragraph (2) of the Law Number 17 of 2012 concerning Cooperatives, namely "Cooperatives can make partnerships with other business actors in running their business."

³³Directorate General of Animal Husbandry and Animal Health. *Animal Husbandry and Animal Health Statistics 2019*. (Jakarta: Directorate General of Animal Husbandry and Animal Health-Ministry of Agriculture RI, 2019), p. 122 ..

The problem is, although the production of fresh milk has increased, it cannot meet the needs of the community's fresh milk. The population of dairy cows in each province on average has decreased, it can be seen that in 2019 there were 561,061 heads of decline compared to 2018 which were 581,822 heads. FiniMurfiani (Director of Processing and Marketing of Animal Husbandry, Ministry of Agriculture) explained that the decline in the population of dairy cows was due to dairy farmers starting to leave the dairy business and switch to selling or making cows, or switching to other business fields.³⁴

Dairy cattle business can be developed by taking into account the quality of dairy cows and also the quality of breeders as human resources for business management. Improving the quality of dairy farmers is very necessary, because with good quality cattle breeders, fresh milk productivity will increase, farmers' income will also increase, so that the welfare of cattle breeders will be guaranteed. A dairy farmer can be said to be prosperous if he can meet his needs. One way to develop a dairy farming business in realizing the welfare of dairy farmers can be done through a partnership between the milk processing industry and milk-producing cooperatives.

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³⁴<https://bps.go.id/dynamictable/2015/12/17/1018/populasi-sapi-perah-menurut-provinsi-2009-2019.html>, accessed on 03 August 2020.

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