

Urgency of partnership agreements in the development of processed food SMEs raw material of sea fish

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Abstract

The development of the processed food industry made from marine fish in Indonesia is very potential. This is because Indonesia has the advantage of raw materials, namely sea fish. Indonesia is one of the maritime countries with the longest coastline. In order to support the improvement of processed food businesses with sea fish raw materials on an ongoing basis, Micro, Small and Medium Enterprises (MSMEs) have a strategic role. However, in general, MSMEs in coastal areas have certain constraints in running their business. These obstacles include capital, food processing skills, marketing and so on. Therefore, cooperation between various parties is needed, namely the government, large and small business actors and fishermen. However, not many people, especially in coastal areas, know about business partnership agreements with big business actors. The purpose of this study was to find out and analyze the urgency of business partnerships in the development of MSME processed food made from sea fish. The results of the study show that although MSMEs have an important role in the development of the marine fish-based food industry, on the other hand, MSMEs have various weaknesses, including in terms of capital, skills in processing processed food made from marine fish, and marketing. Therefore, it is very urgent to develop cooperation with a business partnership model between MSME business actors and large business actors for the continuity of processed food businesses made from sea fish. The legal relationship between the parties in this business partnership is based on the partnership agreement.

Keywords: MSME; Processed food; Sea fish raw materials; Business partnerships; Agreements

1. Introduction

Humans are social creatures, so they always need other people to meet their needs [1]. Since birth humans need affection, brotherhood and cooperation with others to develop. In addition, humans are also economic beings who need cooperation to obtain the maximum benefit. Partnership is an alternative in realizing cooperation in an effort to drive economic potential.

The Partnership Agreements place the parties in an equal position each party has something as the bargaining power. In some cases, employers prefer to use Partnership Agreements to some individuals to complete the work in their company than Work agreements. Practicality and the absence of obligations to fulfil workers' rights such as the right to join a union and to get social security are some of the reasons why employers use the partnership agreements.[2]

MSMEs in various countries have a strategic position in the development of the national economy. As an integral part of the national business world, Small and Medium Enterprises (SMEs) have a very important and strategic position, potential and role[3]. The important role of MSMEs includes processed food MSMEs made from sea fish. This is

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considering that most of the business actors are MSMEs in various lines. Therefore, the sustainability of MSME businesses is very urgent for the development of the country's economy, including in Indonesia.

According to the provisions of Article 25 (1) of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, the Government, Regional Governments, the Business World and the community facilitate, support and stimulate partnership activities, which mutually need, trust, strengthen, and profitable. Whereas Article 25 paragraph (2) of the UMKM Law states that "Partnerships between Micro, Small and Medium Enterprises and Partnerships between Micro, Small and Medium Enterprises and Large Enterprises include the process of transferring skills in the fields of production and processing, marketing, capital, human resources, and technology".

In Article 10 of Government Regulation No. 17 of 2013 concerning the Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, it regulates the implementation of partnerships which must pay attention to the principles of Partnership and uphold sound business ethics. The Partnership principle as mentioned includes the principles of mutual need, mutual trust, mutual reinforcement and mutual benefit.

One of the business sectors that urgently needs business partnerships is the management of marine fish-based food to improve the welfare of coastal communities. This is because the potential for developing a processed food business with sea fish raw materials in Indonesia is very large. Raw Materials are fish including its parts that come from catches or cultivation which can be utilized as a production factor in processing fishery products (Article 1 point 8 of Regulation of the Minister of Maritime Affairs and Fisheries of the Republic of Indonesia Number 5 of 2021 concerning Fish Processing Businesses).

Indonesia has great potential in the development of a fisheries-based food industry because it is supported by its main advantages of available raw materials and downstream which prioritizes sustainability. The fishing industry is always developing. The potential for the fishing industry is enormous considering that Indonesia is one of the maritime countries with the longest coastline, 99,093 kilometers and the sea area reaches 80 percent of the total area. During this time, fish in its raw form is mostly exported. This shows a very large downstream potential[4].

Based on data from the Ministry of Maritime Affairs and Fisheries, exports of fishery products as of October 2021 reached USD 4.56 billion, an increase of 6.6% compared to the same period in the previous year. Then from the financing side of the marine and fisheries business there was also a significant increase, namely IDR 6.52 trillion as of September 2021[5]. This value is even greater if the industry is developed. This development will boost labor absorption. The development of the food industry is in accordance with the Policy for the development of a fishery-based food industry divided into 3 stages. Phase I (2015-2019) is in the form of various processed fish and the development of industrial waste treatment. Phase II (2020-2024) in the form of production of omega-3 oil and food products based on fish processing industrial waste. Phase III (2025-2035), namely the fish processing industry has become part of the functional food and supplement industry.[6]

In processing food made from marine fish, cooperation is needed between various parties, both the government, business actors and the community. Business actors who have great potential, among others, are MSMEs. But considering that MSMEs often have the weaknesses mentioned in the previous section, a partnership with large business actors is needed in developing the processed food industry made from sea fish. In this case, a business partnership is needed. The legal relationship between the parties in the business partnership is based on a partnership agreement between the companies. This makes the continuity and development of business management of food made from marine fish still not experiencing significant development. Therefore this research is urgent to do.

The problem in this research is how urgent is the partnership agreement in developing MSME processed food made from sea fish.

2. Material and methods

2.1. Material

2.1.1. Konsep Kemitraan dalam usaha Pangan Olahan Berbahan baku ikan Laut

Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises (MSMEs) and PP No.17 of 2013 concerning Partnerships states that "Partnership is cooperation in business relations, both directly and indirectly, on the basis of the principle of mutual need, trust, strengthening, and profitable involving Micro, Small and Medium Enterprises and

Large Enterprises". One of the partnerships that can be carried out by business actors is in the processed food business made from sea fish.

Processed Food is food or drink that is processed in a certain way or method with or without additives (Article 1 Number 19 of the Law of the Republic of Indonesia Number 18 of 2012 concerning Food/Food Law). Sea fish is one of the food raw materials that are widely used by the community.

The procurement of food involves various parties, including producers who produce processed food. Processed Food is food or drink processed in a certain way or method with or without additives (Article 1 Number 19 of the Food Law). Food Production is an activity or process of producing, preparing, processing, making, preserving, packaging, repackaging, and/or changing the form of Food (Article 1 Point 6 of the Food Law).

One of the objectives of conducting business partnerships, including processing food made from marine fish, is to empower coastal communities, especially MSME actors. According to Drijver and Sajise in Ita Ulumiyah et al[7] "There are five kinds of community empowerment concepts, namely: 1. Bottom-up approach. In this case the stakeholders agree on the goals to be achieved. These goals are then developed with ideas and several activities in stages to achieve the goals that have been formulated before. 2. Participation. : In this case every actor involved has power in every phase of planning and management. 3. The concept of sustainability, is the development of partnerships with all levels of society. Thus the sustainable development program can be accepted socially and economically. 4. Integration, namely policies and strategies at the local, regional and national levels. 5. Social and economic benefits, are part of the management program.

2.2. Method

To answer research problems, the socio legal method was used. which integrates 1) normative (state law) approaches by looking at written legal regulations relating to the urgency of partnership agreements in the development of MSME processed food made from sea fish 2) sociological (living law), namely uncovering and analyzing the practice of partnership agreements in the development of food MSME preparations made from marine fish in the northern coastal community of Central Java. The selected research location is in the North Coast Region of Central Java. Besides that, research was also carried out in DKI Jakarta because the resource persons from the Ministry of Fisheries and Maritime Affairs were based in Jakarta. Primary data analysis used Strauss and J. Corbin type data analysis techniques[8], namely analyzing data since the researcher was in the field (field). Secondary data is analyzed using deductive logic, especially during the initial analysis (the use of theories). Data validity uses source and method triangulation techniques. After being analyzed, evaluated and checked for validity, a research report was compiled.

3. Results and discussion

3.1. Business Partnership Agreement for Processed food made from Marine Fish

The process of providing processed food can be carried out by individuals or business entities, one of which is Micro, Small and Medium Enterprises (MSMEs). Small and medium enterprises (SMEs) act as engines of economic development in both developed and developing countries. SMEs create new job opportunities, reduce income inequality and alleviate poverty. The success or failure of SMEs depends on inside and outside activities, government support, publicity, research and development, workforce management etc. For developing countries, SME businesses are needed to create independence for society. In various countries, SMEs are a priority industry for developing and utilizing the workforce. Based on data from the Economist Institute for Development of Economics and Finance (INDEF), MSME activity in Southeast Asia is considered very low for regional economic activity. Compared to other countries in the ASIA region, the involvement of their MSME activities is more than 15% for economic activities. Indonesia's involvement in SMEs is only 6.3% when compared to other countries, namely Malaysia reaching 46%, Thailand 29.6%, Vietnam 21.4%, and the Philippines 20.1%. Moreover, only 52 percent of large companies are involved in the trade chain in Southeast Asia. Its lowest position after the Philippines is cyma 51%. Thailand's highest engagement was 91.1 percent. Followed by Malaysia with 82.4% and Vietnam with 64.6%.[9] Even though MSMEs have an important role in the development of the national economy, this industry faces many challenges.[10] Including MSMEs in the field of processed food business.

Food Business Actors who carry out food production have a big responsibility because food has a close relationship with various sectors of human life, be it health, politics, economy, security, and defense. One very crucial impact is the impact on security and health for the community. Food safety and environmental concerns became a significant issue, especially in developing countries.[11]

At this time the food is more diverse. Various processed and non-processed foods are increasingly circulating in society. Various processed foods are presented in various ways that are increasingly attractive to consumers. On the other hand, various problems related to food are also increasingly occurring, including in the procurement of raw materials, production processes, packaging, transportation, distribution, marketing to their use by consumers.

The large diversity of endemic fish is an opportunity to be used optimally so as to be able to open up business opportunities in this sector. Therefore, it is necessary to optimize the handling and processing of fish, because actually the technology for handling and processing fish is quite simple and does not require large capital and sophisticated equipment. If fish handling and processing technology can be developed and applied properly, added value to the community's economy can be achieved. This type of fish will have more economic value after receiving further treatment.[12]

The Ministry of Maritime Affairs and Fisheries (KKP) said on August 5 2021 that the fisheries sector showed positive growth, up 9.69% in the second quarter of 2021 compared to the same period last year. The increase was triggered by increased production of aquaculture and capture fisheries due to favorable weather. Based on data from the Central Statistics Agency (BPS), Indonesia's economy in the second quarter of 2021 grew 7.07% from the second quarter of 2020. The gross domestic product (GDP) of fisheries in the second quarter was IDR 188 trillion or 2.83% of the national GDP value. This GDP value recorded an increase compared to the first quarter of IDR 109.9 trillion or 2.77% of the national GDP value. Cumulatively for the January-June 2021 period, the export value of fishery products reached USD 2.6 billion, an increase of 7.3% compared to the same period in 2020. MSMEs are almost normal to support the productivity of the marine and fisheries sector until 2024. KKP has three work priority programs . For aquaculture sector:

- Encouraging the soaring of the production of a number of export-oriented commodities, one of which is shrimp by evaluating ponds spread across Indonesia.
- Revitalize and build modeling of integrated shrimp ponds in potential locations.
- Strengthen fishing villages based on local wisdom.

In the capture fisheries sector, KKP is targeting an increase in non-tax state revenue (PNBP) for the welfare of fishing communities. In managing this sub-sector, KKP carries the concept of catching fish in a measurable manner so that it is not only the economy that grows but the ecosystem is also maintained. In Indonesia, fishery products provide 54 percent of all animal protein consumed by the public. Fishery is also one of the biggest contributors to creating jobs, both directly and indirectly. In addition, the Ministry of Maritime Affairs and Fisheries also stated that growth during the pandemic has added to a series of positive trends in the marine and fisheries sector since last year. Indonesia rose 2 ranks to 8th place as the world's main exporter of fishery products in 2020. Based on data released by the ITC Trademap, the export value of Indonesian fishery products in 2020 reached US\$5.2 billion, a positive growth of 5.7% compared to the previous year.[13]

The development of the processed food industry made from sea fish is very important for efforts to improve the welfare of the community, especially fishermen and the development of the fishing industry. Fisheries are all activities related to the management and utilization of fish resources and their environment starting from pre-production, production, processing to marketing carried out in a fishery business system (Article 1 number 1 Law Number 31 of 2004 amended by Law Number 45 of 2009).

The development of a processed food industry made from marine fish as one of the activities that can be carried out in the development of the fishery industry requires the participation of various parties, both the government, the private sector and the community. In the supply of fish as a raw material in the food processing industry, fishermen have a strategic and decisive role.

The management of coastal areas, which is one of the efforts to reduce poverty for coastal communities, has received great attention, which is realized through Law no. 27 of 2007 concerning the Management of Coastal Areas and Small Islands as amended by law No. 1 of 2014. Empowerment of coastal communities is needed in the sense of giving strength to groups of people who are considered not to have the necessary strength for their progress, in this case the community coast, including MSMEs.

Community empowerment, in this case MSMEs, can be carried out in several ways, including: a) Persuasive which is carried out in the form of coaching. Coaching activities are an effort to increase fishermen's understanding and awareness of the message conveyed; b) Educative in the form of training. Through training it is expected to increase the skills of the target group which in this case are fishermen in a certain aspect. The training activities that have been

carried out include increasing the understanding and skills of the target group in the field of fisheries, especially those related to fish as a raw material for processed food. Capacity building training in group management, such as administration, financial management, management and program implementation rules; c) Facilitative which is carried out in the form of providing business assistance which is one of the efforts to increase the participation of fishing communities. This business assistance can be done directly or indirectly both in catching fish in the sea and processing fish into processed food.

Partnerships can be an alternative effort to drive economic potential. Partnership is a relationship between economic actors based on mutually beneficial business ties and a synergistic working relationship. The Indonesian government has implemented business partnerships in the development of small businesses as stipulated in Government Regulation no. 44 of 1997 concerning Partnership. The Government Regulation concerning Partnership further regulates the pattern of business partnership that has been regulated in the Law on Small Business, which includes the business climate, and guidance and development, financing, and guarantees and partnerships. PP No. 44 of 1997 concerning this partnership, has been revoked and declared invalid by PP No 17 of 2013.

According to the provisions of Article 25 (1) of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, the Government, Regional Governments, the Business World and the community facilitate, support and stimulate partnership activities, which mutually need, trust, strengthen, and profitable, while the provisions of paragraph (2) stipulate that Partnerships between Micro, Small and Medium Enterprises and Partnerships between Micro, Small and Medium Enterprises and Large Enterprises cover the process of transferring skills in the fields of production and processing, marketing, capital, resources human resources, and technology. Article 10 PP No.17 of 2013 concerning the Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, regulates the implementation of partnerships which must pay attention to the principles of Partnership and uphold sound business ethics. The Partnership principle as mentioned includes the principles of mutual need, mutual trust, mutual reinforcement and mutual benefit. A partnership agreement helps set clear boundaries and expectations regardless of whether your partnership is general, limited, or limited liability. Partnership agreements can also be one of the efforts to anticipate competition.[14]

The partnership according to the provisions of Article 26 of the UMKM Law and PP No. 17 of 2013 implemented with the pattern of nucleus-plasma, subcontracting, franchising, general trading, distribution and agency; as well as other forms of partnerships, such as: profit sharing, operational cooperation, joint ventures, and outsourcing. The implementation of the partnership includes the process of transferring skills in production and processing, marketing, capital, human resources, and technology in accordance with the Partnership pattern. In implementing this partnership, large businesses are prohibited from owning and/or controlling micro, small, and/or medium businesses as business partners, as well as medium businesses (Articles 11 and 12 of PP No. 17 of 2013 concerning Implementation of Law Number 20 of 2008). on Micro, Small and Medium Enterprises).

3.2. Legal Relations in the Partnership Agreement

An agreement is a legal relationship between two or more people based on an agreement to give rise to legal consequences. This agreement creates an agreement between the parties. Engagement is a legal relationship between two parties in the field of property law which creates rights on one party and obligations on the other party in an achievement.

In the business partnership agreement for processed food made from marine fish, there is a legal relationship between large businesses and MSMEs. The legal relationship of the parties in the business partnership is based on an agreement made in writing as stipulated in the provisions of Article 29 PP No.17 of 2013 concerning Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises, PP No.17 of 2008 2013 concerning the Implementation of Law Number 20 of 2008 concerning Micro, Small and Medium Enterprises. Every form of Partnership conducted by Micro Enterprises, Small Enterprises and Medium Enterprises is set forth in a Partnership agreement made in writing in the Indonesian language. If one of the parties to the partnership agreement is a foreign person or legal entity, then the partnership agreement must be made in Indonesian and a foreign language. The contents of the partnership agreement shall at least contain the business activities, rights and obligations of each party, the form of development and timeframe as well as dispute resolution.

The processed food business partnership agreement does not yet have specific provisions in the Civil Code. Therefore this partnership agreement can be categorized as an anonymous agreement. For agreements with names and no names, the Civil Code based on Article 1319 of the Civil Code applies.

4. Conclusion

As a country that has enormous potential for marine fish raw materials, the development of a processed food business made from marine fish raw materials is also very potential. In processing food made from marine fish, Micro, Small and Medium Enterprises have a strategic role. However, there are often various obstacles faced by MSMEs, especially related to capital, technology, knowledge, marketing. Therefore, collaboration with various parties is needed, including large business actors to further improve people's welfare. In this partnership based on partnership agreement. This partnership agreement has not been specifically regulated in the Civil Code so that it can be categorized as an anonymous agreement.

Compliance with ethical standards

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