

## Diversification Business In Increase Income Farmer's Household (Case Study Of Jepara Regency)

Ajeng Mursiati Suroso<sup>1\*</sup>, Hamdi Sarimaryoni<sup>2</sup>

<sup>1</sup>LSPR Institute of Communication and Business, Jakarta, Indonesia

<sup>2</sup>Universitas Pasir Pangaraian, Riau, Indonesia

Email: [siajengajeng667@gmail.com](mailto:siajengajeng667@gmail.com)

### ABSTRACT

*The aim of this research is only to describe the diversification of agricultural businesses with reference to practices. develop various types of businesses in the agricultural sector, not just relying on one type of commodity or plants. By diversifying their businesses, farmers can reduce the risks associated with fluctuations single commodity prices. They can allocate their land and resources to cultivate various crops or raising various types of animals, according to local climate, soil and market demand conditions. One of the direct benefits of diversifying farming businesses is increasing farmer income. By having various sources of income, farmers can optimize the potential of their land and take advantage of opportunities in the market. different. In addition, diversification also strengthens diversity food, reducing dependence on imports and promoting healthy and nutritious local food.*

*Keywords: business diversification, increasing income, farmers*

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### INTRODUCTION

Developments in the era of globalization affect the business climate. This change also changes the mindset of the business world to be able to make fundamental changes, in order to be able to run its business. So that in the process of getting there, business is not only in one business sector (Technology & Value, 2023). This is to support and increase household income so that it does not continue to decline.

Therefore, business diversification is a new strategy to be able to answer this challenge. This strategy is important to implement so that income in the current era can survive and increase. The agricultural sector is one of the sectors that implements a business diversification strategy to be able to increase household income so that it does not experience a decline, either in the same business or in a different business (Musdalifah & Nugroho, 2020). Increasing income in the agricultural sector agriculture and can increase food security both locally and nationally .

Diversification of business sectors refers to the practice of developing various types of businesses in the agricultural sector, not only relying on one type of agricultural commodity, but various types of agriculture. This condition is carried out to adjust to commodities that have high economic value at that time (Pahlawati et al., 2019). So that business actors in the agricultural sector do not experience losses in running their businesses.

Business diversification strategies carried out by agricultural business actors, so as to reduce the risks associated with fluctuations in agricultural commodity prices . Business actors can allocate resources to cultivate various plants or raise various types of animals, according to the current business climate conditions that have economic value and adjust to market demand (Hugo et al., 2023).

Therefore, diversification strategy becomes one of the strategies that can be seen as a direct benefit for increasing the income of farmer households . So by having various sources of income, farmers can optimize the potential of the resources they have (Zhao et al., 2022). This can be illustrated that the resources owned by farmers are not only land, but also other resources that can be optimized in utilizing opportunities in the market for both similar and different commodities to increase household income.

On the other hand , diversification strategy also opens up new opportunities for farmers to increase *added value* to increase or create added value of agricultural commodities through processing agricultural products, to be more economical in the market (Rosy et al., 2023). This can be done so that agricultural commodities are not monotonous or business development from processing products from upstream to downstream, such as processing harvests into processed foods, drinks, or products with high economic value .

The strategy of diversifying agricultural businesses also has a positive impact on local food security. By producing various types of crops and raising livestock , building local farming communities with higher food security (Ferris et al., 2021). So that this condition will reach a level , such as if a problem occurs, one plant experiences crop failure due to natural disasters or disease outbreaks, other commodities can replace and maintain income. So that other commodities as a substitute and can still provide sufficient food supply (Gonzales et al., 2021a). On the other hand , diversification also strengthens food diversity, reduces dependence on imports and promotes healthy and nutritious local food.

However, there are several obstacles faced by farmers in developing business diversification strategies, such as limited resources. This condition is something that must be addressed immediately and needs to be addressed in implementing agricultural sector business diversification . Business actors in the agricultural sector need the knowledge and skills needed to manage various businesses (Yoong & Morris, 2023). In addition, government support, such as training, access to business capital, and agricultural technology, is very important to help farmers start and develop businesses in both similar and different sectors .

In addition, another thing that is no less important is to pay attention to the marketing aspect which is always a problem for the agricultural sector . So that business diversification will not only be successful if business actors in the agricultural sector can market their products at better (Patel et al., 2022). Therefore, the Government is expected as a stakeholder and policy maker related to helping the agricultural sector. This is very important for stakeholders to pay attention to in order to help build efficient distribution channels, promote local products, and create partnerships between actors in the agricultural sector and other business sectors (Cao, 2022).

Therefore, the development of the agricultural sector to be able to increase household income through an overall diversification strategy is very important. So this problem is interesting to be raised by researchers on how business diversification in the agricultural sector becomes an important strategy in increasing household income of farmers and can increase resilience food. So through business diversification , it will create *added value* for commodities that can be optimized by the farmers , so that can reduce risk, increase income, and provide diverse food for the community. Therefore, the problem that can be raised in this study is "how to diversify businesses in the agricultural sector in increasing household income and improve local community food security ?

## LITERATURE REVIEW

The study of business diversification refers to the practice of developing various types of businesses in the sector. agriculture, with the aim of reducing risk, increasing farmer incomes, and improving local food security. This involves allocating land, resources, and farmer skills to produce different types of crops, livestock, or products. other agriculture (Iglesias-casal & Neto, 2022).

Therefore, diversification of farming businesses has several important benefits. Diversification of businesses can help reduce the risks associated with price fluctuations of a single commodity. By having various types of farming businesses, farmers can reduce their vulnerability to sharp price changes. If one crop or commodity experiences a price decline, farmers' income can still be guaranteed through income from other farming businesses (*No Title*, n.d.).

Furthermore, the strategy of diversifying agricultural businesses can increase farmers' overall income. By developing various types of farming businesses, farmers have the opportunity to optimize the potential of their land and take advantage of different market demands (Mora et al., 2023). For example, farmers can produce food crops, vegetables, fruits, or ornamental plants, as well as raise livestock such as chickens, cows, goats, or fish. This gives them the opportunity to earn income from various sources, thereby increasing their economic well-being.

Therefore, the strategy of diversifying agricultural businesses can also improve local food security. By producing a variety of crops and livestock, local farming communities can achieve better food diversity. This helps reduce dependence on food imports and increasing the availability of healthy local food and nutritious (Grijalvo & García-wang, 2023). Local food security is also maintained if there are external supply disruptions, such as climate change, natural disasters, or international trade tensions.

In addition, several other obstacles that need to be overcome in diversifying businesses are lack of access to knowledge. Lack of access for farmers to knowledge, skills, and resources. needed to manage various types of farming businesses so that production costs can be increased. Training, technical assistance, and adequate funding is essential in assisting farmers in developing and managing diverse farming enterprises (Mouzas & Bauer, 2022)(Haftor et al., 2021).

Therefore, it is important to build efficient distribution channels and support the development of new products that have added value for the agricultural sector to become a very fundamental issue for business diversification. This involves cooperation with the government, financial institutions, local markets, and the private sector to promote and support diversified products (Iheanachor et al., 2021). Government also can implementing policies Which support diversification of agricultural businesses, such as fiscal incentives, the formation of farmer cooperatives, and providing fair market access for farmers.

Finally, it can be concluded that overall, diversification of farming is an important strategy to increase farmers' income and local food security. Through diversification, farmers can reduce risks, increasing income, and contributing to the availability of diverse and sustainable food (Gonzales et al., 2021b)(Panagiotopoulos & Kaliampakos, 2021). Government support, access to knowledge and resources, and cooperation between different stakeholders are key to success in implementing agricultural sector business diversification (Zeeb et al., 2023)(Hossain & Meng, 2020).

## METHODOLOGY

Research using descriptive methodology. Data were analyzed using descriptive statistics, with the aim of describing a phenomenon, event, or condition accurately and systematically as it is. This method does not seek causal relationships or test hypotheses, but rather focuses on presenting clear and detailed data. The phenomenon of the agricultural sector in the Jepara region to increase the income of agricultural households.

## RESULTS AND DISCUSSION

Increasing the household income of farmers is an important thing to improve welfare and encourage sustainable agricultural development. So some things must be considered in its development, including;

1. Business diversification strategies for farmers : Farmers can develop various types of farming businesses such as growing food crops, vegetables, fruits, or flowers, as well as raising livestock. Diversification of farming businesses helps reduce risk and provides more stable income opportunities through income from various sources.
2. Therefore, increasing productivity: Farmers can increase productivity through the use of modern farming techniques, use of superior seeds, good management of resources such as water and soil, and efficient use of fertilizers and pesticides. By increasing productivity, farmers can increase their production and thus their income.
3. In addition, access to markets: It is important for farmers to have access to good and profitable markets. This can be achieved by expanding distribution networks, working with local traders, participating in direct marketing programs or through farmer cooperatives. Farmers can also utilize information and communication technologies to access market information and reach consumers more effectively.
4. So as to increase the added value of agricultural products and processing: Processing agricultural products into processed products or Value-added products can increase farmers' income. For example, farmers can process agricultural products into processed foods, drinks, or other products that have a higher selling price than the raw materials.
5. In addition, to carry out collaboration and partnerships: Farmers can build partnerships with other parties in agricultural value chain, such as agricultural input producers, suppliers, traders, and processors. Through collaboration, farmers can gain access to resources, training, and technology that can help improve their efficiency and income.
6. So that farmer empowerment: It is important to empower farmers with the knowledge and skills needed to manage their farms effectively. Training, technical assistance, and agricultural education can help farmers improve their knowledge and skills in managing their farms, including in terms of business management, finance, and marketing.
7. Finally, access to finance: Farmers often face challenges in accessing the finance needed to grow their farms. Governments, financial institutions, or microcredit programs can provide farmers with access to affordable sources of finance.

Based on the phenomena that have occurred, increasing farmers' income requires holistic and sustainable efforts, involving various parties including farmers themselves, the government, agricultural institutions, the private sector, and community in supporting and facilitating the growth and development of the agricultural sector.

Thus local food security refers to the ability of a region or country to produce, access, and maintain sufficient food supplies to meet the needs of its population. This involves the sustainability of food production, equitable access to food, and the availability of safe, nutritious, and diverse food. Therefore, to improve resilience food local own a number of benefit important:

1. The first thing to do is food independence: By increasing local food production, a region can reduce dependence on food imports and increase food independence. This helps reduce the risk of international price fluctuations and supply disruptions that can happen.
2. Next, food diversity: Local food security includes food diversity, namely the availability of various types of food nutritious. With boost production And By consuming diverse local foods, people can obtain balanced nutrition and reduce the risk of malnutrition.

3. Finally, environmental sustainability: Local food security also involves environmentally sustainable agricultural practices. By maintaining soil fertility, preserving biodiversity, and using natural resources wisely, local food security can be sustainable in the long term.

In addition, there are several steps that can be taken to improve local food security, as follows:

1. First, increasing local production: Encourage farmers to increase local food production by utilizing modern technology, proper fertilization, efficient irrigation, and sustainable natural resource management. The government can provide support in the form of training, access to resources, and policies that support local agriculture.
2. The second is infrastructure development: Adequate infrastructure, such as roads, irrigation, and cold storage systems, are needed to connect producers to local markets and maintain food quality. Investments in agricultural infrastructure can help strengthen local food supply chains.
3. The third is increasing market access: Encouraging fair and sustainable access for local producers to the market is important in ensuring the sustainability of local agricultural businesses. The government can support the formation of farmer cooperatives, facilitate access to markets, and promote local agricultural products to consumers.
4. Fourth is increasing added value: Developing local food processing sectors, such as food processing, preservation, and food processing, can increase the added value of local products and create employment opportunities. It also helps in maintaining and improving the nutritional value of local food products.
5. Finally, the fifth is education and awareness: Public education and awareness about the importance of local food consumption and agricultural sustainability can help support local food security. Educational programs and awareness campaigns can help change consumer behavior and encourage support for local food products.

## CONCLUSION

Furthermore, the conclusion that can be raised in this study is to support the diversification strategy program to run well, then to increase local food security requires cooperation and commitment from various stakeholders, including farmers, government, private sector, and society as a whole. The following This is example case business farmer Which can increase income farmer And local food security:

First, Integrated Farming System: A farming community in an area can develop an integrated farming system that includes various types of farming, such as vegetable farming, chicken farming, fisheries, and ornamental plant cultivation. In the integrated farming system, Here, each type of business supports each other and creates synergy, for example agricultural waste is used as animal feed or organic fertilizer. By diversifying farming businesses, farmers can increase their income through various sources and create diverse food availability for local communities.

The second is the Agricultural cooperative: Farmers in an area can form an agricultural cooperative to manage and market their crops collectively. Through cooperatives, farmers can gain greater economic benefits by selling their products together and obtain better prices through negotiations with buyers. In addition, cooperatives can also provide training and technical assistance to farmers to improve their productivity and product quality.

The third is organic farming: Developing organic farming can be an effective strategy in increasing farmers' income and improving local food security. Farmers can switch from using expensive chemical pesticides and fertilizers to more environmentally friendly organic farming methods. In organic farming, farmers can get higher selling prices because of the increasing market

demand for organic products. In addition, organic farming also helps maintain soil and water quality and improves consumer health.

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