

Farmer Satisfaction Level with Cattle Business Insurance: A Case in South Sulawesi Province, Indonesia

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ABSTRACT

The Cattle Livestock Business Insurance Program aims to provide protection for cattle from the risk of death and loss of cattle. This study aimed to determine the level of satisfaction of farmers with cattle business insurance in Gowa Regency, South Sulawesi Province. This research was conducted in May 2022. The population is all cattle farmers who follow cattle business insurance in Gowa Regency. The sample is farmers who follow cattle business insurance in Pattalassang sub-district, Gowa Regency amounted 45 people. The research method used was the interview method and FGD (Focus Group of Discussion). The type of data used is qualitative data, namely data in the form of words and quantitative data in the form of numbers or numbers Analysis of the data used with the CSI model. The results show that farmers feel much helped by the existence of AUTS which can minimize the risk of failure in the cattle business, namely the death of the cattle they receive, so that at least it can relieve and not be confused in looking for business capital again. It can also motivate and eliminate the worries of farmers to increase the scale of their business. Farmer satisfaction with AUTS is in the excellent category, which means very satisfied and in accordance with the expectations of farmers, both in terms of service characteristics, personal relationships, service arrangements and customer strength.

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Keywords:

Business Insurance; Cattle; Farmers; Satisfaction Level

1. Introduction

Livestock is one of the agricultural subsectors, which has a strategic role in economic matters in Indonesia (Haerani et al., 2015). However, livestock faces a lot of risks, which often cause a loss for the livestock business agents, especially the small holder beef cattle farmer. Government programs have developed a lot in the community, so in order to achieve their goals, management control and management need to be done well. Regular evaluations such as whether programs can result in increased production, farmer income and employment are very important to know the level of achievement of goals, because often such programs experience failure in achieving goals. One measure is that a program or project can meet the empowerment target if it meets the technically and financially feasible requirements for farmers, meaning that it is technically feasible and financially beneficial for the farmers (Riana et al., 2019; Yanli, 2009).

One of the government programs through the Ministry of Agriculture of the Republic of Indonesia is Cattle Business Insurance (so called *asuransi usaha ternak sapi*, AUTS) is a form of government alignments in an effort to protect cattle farmers from the risk of death and loss of cattle Cattle Livestock Business Insurance (AUTS) is an insurance product supported by the government, the party that organizes it is Jasindo Agri. As for one of the programs from this one corporation, it provides protection to farmers and breeders and so they can get comfort and security in carrying out business activities. So, they can focus their activities on managing farming and animal husbandry to the maximum and of course profitably.

PT Jasindo after receiving the list from the livestock service provided or from the head of the farmer group, then a policy approval is made for the insurer and it is covered, and if the premium and cooperation policy approval have been signed, the risk of the cattle shifts responsibility to Indonesian service insurance party as insurance for cattle in the form of claims or disbursement of funds for cattle that have died, stolen and accidents, and provides 100% compensation to the insured (Ilmawati et al., 2021). This means that the procedure for becoming a member of the cattle business insurance or AUTS has been structured starting from the breeder, the head of the group, the livestock service and the cattle business insurance service or AUTS. The duties of each institution or institution have been regulated in the technical guidelines and general guidelines for the implementation of cattle business insurance (Ministry of Agriculture of the Republic of Indonesia Number 02/kpts/SR.220/B.01/2017; Law Number 19 of 2013; Ministry of Agriculture of the Republic of Indonesia Number 40/Permentan/SR.230/7/2015).

Gowa Regency is one of the beef cattle centers in South Sulawesi. The population of cattle in Gowa Regency is currently 107,054 heads spread across 18 sub-districts, with approximately 25,000 farmer households. This places Gowa in the second place with the largest population in South Sulawesi after Bone Regency. The Gowa Regency Government is targeting to insure 4,000 head of cattle per year, through Cattle Livestock Business Insurance (AUTS). Based on data from the animal husbandry service in 2020, the number of cows registered with insurance is around 230 cows.

Department of Livestock and Animal Health of South Sulawesi Province has for three consecutive years aggressively promoted the Cattle Livestock Business Insurance (AUTS) program in all cities and regencies in South Sulawesi. However, in reality there are only four districts that are enthusiastic in participating in this program, and there are even some districts/cities that have experienced a decrease in the number of livestock registered with insurance. One example is in Gowa district, the enthusiasm of farmers in the Cattle Livestock Business Insurance (AUTS) program is known to be very good. The results of (Kubro et al. 2019) stated that there is a need for more massive socialization by officers about the AUTS program among farmers so that more and more of them are interested in becoming AUTS participants. In addition, training and increasing the number of field officers also need to be considered and are expected to help the development of farmers, so it is necessary to know the level of satisfaction of success and acceptance of farmers to the AUTS program in Pattalassang District, Gowa Regency.

2. Materials and Methods

This research was conducted in Pacellekang Village, Pattalassang District, Gowa Regency, South Sulawesi in May 2022. Cattle farmers were chosen through purposive sampling amounted 45 farmers. The type of data used is qualitative data, namely data in the form of words and quantitative data in the form of numbers or numbers. Analysis of the data used in this study is the Customer Satisfaction Index (CSI). Customer Satisfaction Analysis (CSI) is used to determine the overall level of customer satisfaction by looking at the level of importance of product or service attributes. CSI reflects the level of customer satisfaction which is calculated from the weight of each average value of the level of performance and the level of importance of the attribute. Measurement of CSI on consumers themselves through consumer research can identify sources of satisfaction and dissatisfaction (Rangkuti, 2006). The Customer Satisfaction Index (CSI) is a method that uses an index to measure the overall level of customer satisfaction with the performance of the quality attributes of AUTS service by officers from the Livestock and Plantation Office of Gowa district and PT Asuransi Jasa Indonesia. There are four steps in calculating the Customer Satisfaction Index (CSI), namely:

1. Determine the Mean Importance Score (MIS), this value comes from the average interest of each consumer

$$MIS = \frac{\sum_{i=1}^n Y_i}{n}$$

Where :

n = Number of Respondents

Y_i = Importance value of the i th attribute

2. Create Weight Factors (WF), this weight is the percentage of the MIS value per attribute to the total MIS of all attributes.

$$WF_i = \frac{MIS_i}{\sum_{i=1}^p MIS_i} \times 100\%$$

Where:

p = Number of importance attribute

i = Attribute i

3. Making a Weight Score (WS), this weight is a multiplication between WF and the average level of satisfaction (X).

$$WS_i = WF_i \times MSS$$

4. Determine the CSI value

$$CSI = \frac{\sum_{i=1}^p WS_i}{HS} \times 100\%$$

Where:

p = Attribute to p

HS = Maximum scale used

The CSI value in this study was divided into seven criteria, from very poor to very good, as shown in the table below.

Table 1. Value Criteria Customer Satisfaction Index (CSI)

Value CSI	Criteria CSI
$X \leq 64\%$	Very Poor
$64\% < X \leq 71\%$	Poor
$71\% < X \leq 77\%$	Cause for Concern
$77\% < X \leq 80\%$	Borderline
$80\% < X \leq 84\%$	Good
$84\% < X \leq 87\%$	Very Good

3. Results and Discussion

3.1 Cattle Livestock Business Insurance Mechanism

Based on the Decree of the Minister of Agriculture of the Republic of Indonesia Number 01/Kpts/SR.230/B/01/2020, the AUTS program is carried out in coordination with the Agricultural Strategy Command (Kostra Tani), Regional Technical Implementation Unit (UPTD) or Agricultural Extension Center (BPP). Risks guaranteed based on the Decree of the Minister of Agriculture are:

1. Cows died due to calving,
2. Cattle died due to established infectious animal diseases, such as anthrax, brucellosis, *Septicaemia epizootica*, infectious bovine rhinotracheitis, bovine tuberculosis, paratuberculosis, campylobacteriosis, jembrana disease, surra, cysticercosis, foot and mouth disease, Q Fever, bovine ephemeral fever and bovine viral diarrhea.
3. Cattle died in an accident
4. Cattle lost due to theft.

Cattle that can be insured must meet the following requirements:

1. At least 1 (one) year old, and still productive, accompanied by a photo of the insured cow.
2. Have a clear marker/identity (micro-chip, ear/ear tag or neck-tag number).
3. In good health, stated by a health certificate from a veterinarian
4. There is the owner, the name of the owner/keeper, and a certificate from the farmer group (if it is a cow farmer group).
5. Cattle that participate in the Domestic Mainstay Commodity Buffalo Cattle (*Sikomandan*) program are preferred.

While breeders who ensure their cows must meet the following requirements:

1. Conducting cattle breeding or breeding business.
2. Small business scale, in accordance with statutory provisions
3. Willing to pay self-help premium. In AUTS, breeders pay a self-help premium of 20% of the premium value.
4. Willing to fulfill the terms and conditions of the insurance policy.

The premium is the amount of money paid by the breeder / the insured as a condition for the validity of the insurance agreement and entitles him to claim compensation if during the insurance period there is a death or accident or loss of a cow. The total premium for AUTS is set at IDR. 200,000,- (two hundred thousand rupiah) per head per year. The price insured for cattle is set at IDR. 10,000,000,- (ten million rupiah) per head per year. In AUTS, breeders pay a self-help premium of 20%, and 80% is paid by the government as premium assistance to breeders. Thus, breeders pay a premium of 20% of IDR. 200,000,- (two hundred thousand rupiah) or IDR. 40,000,- (forty thousand rupiah), which is IDR. 160,000,- (one hundred and sixty thousand Indonesian rupiah) paid by the government. This premium assistance is regulated by Decree of the Minister of Agriculture of the Republic of Indonesia Number 18/Kpts/PK.240/B/12/2018 concerning AUTS Premium Assistance.

3.2 Cattle Customer Satisfaction Index of Cattle Business Insurance Participants (AUTS)

The Customers Satisfaction Index (CSI) is a method that uses an index to measure the overall level of consumer satisfaction with the performance of the service quality attributes of the AUTS program by officers from the Livestock and Plantation Service Office of Gowa Regency and PT Indonesian service insurance. CSI reflects the level of customer satisfaction which is calculated from the weight of each average value of the level of performance and the level of importance of the attribute. Measurement of CSI on consumers themselves through consumer research can identify sources of satisfaction and dissatisfaction (Rangkuti, 2006). The method of consumer satisfaction index (Customer Satisfaction index) is an index that measures the level of satisfaction of consumers or members based on certain attributes. This depends on the information needs that companies want to obtain from consumers (Arifin, 2015). The attributes measured can be different for each industry, even for each company. Analysis of the level of customer satisfaction is done by calculating the CSI value. The CSI value is obtained by dividing the Weighted Average (the sum of all the Weighted Scores) with the maximum scale (scale of five) used in this study. The results of these calculations can be seen in Table 2.

Table 2, shows that the farmer satisfaction index value of all indicators of this study is 88.06%. This value is in the Excellent category (very satisfied) because the value of 88.06% is in the range of $87\% < X$ scale. This indicates that the performance of AUTS officers is in line with the expectations or expectations of farmers participating in AUTS. Farmers find it helpful to have the AUTS program that can foster motivation and reduce farmers' concerns about increasing their business scale or worrying about finding business capital again if livestock die or are infected with infectious diseases. To achieve a 100% CSI value, it can be increased by improving the attributes; this is in accordance with the opinion of Mursalahuddin et al. (2019), that the value of the Customer Satisfaction Index (CSI) can be increased by making improvements to the attribute performance from the results of the Importance Performance Analysis (IPA). In addition to making quality improvements based on the attributes that have been measured, to create farmer satisfaction, companies and agencies must also create and manage a good system to acquire more AUTS participant customers and the ability to retain customers.

Table 2. Calculation of the Customer Satisfaction Index (CSI) of Farmer Satisfaction with AUTS Program Services

No.	Satisfaction Level Measurement Indicator	Average performance score (Xi)	Weight Factors (%)	Average value of importance (Yi)	Weight Score (%)
<i>I</i>	<i>Service characteristics</i>				
	1	5.00	7.73	5.00	38.66
	2	4.33	6.96	4.50	30.15
	3	4.67	7.22	4.67	33.68
	4	3.67	5.93	3.83	21.74
<i>II</i>	<i>Personal relationship</i>				
	5	4.67	6.96	4.50	32.47
	6	4.67	7.22	4.67	33.68
	7	4.50	7.47	4.83	33.63
	8	4.67	7.22	4.67	33.68
<i>III</i>	<i>Service settings</i>				
	9	4.33	7.22	4.67	31.27
	10	2.83	7.22	4.67	20.45
	11	5.00	7.73	5.00	38.66
	12	3.83	6.19	4.00	23.71
<i>IV</i>	<i>Customer power</i>				
	13	4.67	7.47	4.83	34.88
	14	4.50	7.47	4.83	33.63
	Total	61.33	100.00	64.67	
	Total Weighted Score (%)				440.28
	Customer Satisfaction Index (CSI)				88.06

Source: Primary Data, 2022

The results showed that the level of service characteristics was very satisfied. This means that the services provided by the AUTS team are maximal to provide facilities to farmers who take this AUTS program. In this activity, the resource persons said that they were satisfied with the enthusiasm of the field officers working at AUTS. It is necessary to know that AUTS (cow cattle business insurance) arises due to the many complaints of livestock that have a lot of risk for the cows dying due to disease or other things that cause the cattle to die.

The Ministry of Agriculture (Kementan) in responding to these problems in collaboration with PT. Indonesian Insurance Services (Jasindo) issued a Cattle Business Insurance (AUTS) program. Based on the decision of the Minister of Agriculture Number 31/Kpts/SR.210/B/12/2018 in the Guidelines for Cattle/ Buffalo Business Insurance (AUTS) it is explained that livestock insurance is an agreement made between the insurer (insurance company) and the insured (breeder). for compensation for death or loss of livestock in accordance with the terms and conditions in the insurance policy.

The results showed that farmers were very satisfied with the services provided by officers to farmers as AUTS users. Variables Characteristics of services ranging from the availability of AUTS guidelines, Availability of AUTS program information, AUTS Facilitator Role and timeliness of claim payments included in the high category which means that the skills of field officers are good. Field officers are skilled in assisting farmers with regard to health checks and treatment of sick cattle. Skill means a person's basic ability to do work easily and carefully. A person's skills can be seen by how well the person performs a job (Suhartini, 2015). However, according to Pratiwi et al. (2020),

the claim time is the biggest obstacle to the implementation of cattle business insurance because the time given is very short while the number of requirements that should be completed. Another study by Riana et al. (2020) found that the factors affecting adoption of beef cattle business insurance, i.e. the number of family members, farmer attitudes, farmer subjective norms, assurance certainty, and dependence on cattle farming has an influence and is significant on the adoption of the cattle business insurance program.

Availability of AUTS Guidelines and Availability of Information on AUTS program policies within the group is quite good. This can be indicated by the existence of a livestock insurance contract agreement policy provided to farmers. The results from the field show that the interactive between AUTS officers and farmers is quite good. This is in accordance with research conducted by (Prasetyo, 2015) which shows that the higher the knowledge, good skills and attitudes, the higher and better the performance of officers in implementing the AUTS program.

Furthermore, the role of the companion shows that the field officer has a good attitude, as evidenced by the speed of the officer in responding to farmer complaints. This is because the officer provides a number that is connected to the WhatsApp application so that farmers can easily contact field officers if it happens to livestock owned by farmers. From the results of interviews with farmers, it is shown that farmers are satisfied with the response from field officers. These results are in accordance with the research of Syukur et al. (2020) that in Sinjai Regency, field officers immediately responded to farmer complaints well. Although the officers cannot directly come to meet the farmers, the farmers understand that because of other activities and the presence of field officers who are far from the location of the breeder.

Human resources are an important factor for an organization. Human resources have a function to move the organization with all its potential (Prasetyo et al., 2020). Thus, field officers of the cattle business insurance program (AUTS) as human resources in the implementation of the AUTS program have a major role in achieving the program's objectives. The performance of field officers can be seen from the knowledge, skills, and attitudes they have in implementing the AUTS program. The results of the study show that the performance of the AUTS program field officers is in the high category with a total average of 16.24 or 90.22% of the total maximum score of 18.

Officers from the Animal Husbandry and Animal Health Service collect data/inventory and assist prospective AUTS participants who then compile a recapitulation of prospective cattle insurance participants who are deemed to meet the entry requirements as cattle insurance participants to be submitted to the implementing insurance company. The farmer group pays a self-help premium of IDR 40,000/head or 20% directly to the implementing insurance account and submits proof of payment transfer to the implementing insurance officer. Implementing insurance provides original evidence consisting of payment of self-help premiums and insurance certificate policies to groups of farmers, which then the Department of Animal Husbandry and Animal Health makes a recapitulation of insurance participants and their completeness to serve as a definitive basis (Syukur et al., 2021).

The Department of Animal Husbandry and Animal Health together with the insurance implementing company that has approved the prospective participants as AUTS participants, then the officers from the livestock service will mark the livestock in the form of Ear Tag on the cow's ear. The presence of Ear Tag marking on the cow proves that the cow has been registered as an AUTS participant with a grace period of one

year from the date of registration as an AUTS participant. Registered AUTS participants can submit a claim to the implementing insurance if the insured cattle die due to illness, accident or giving birth, and or loss. In submitting a claim in the event of a death in a cow, the insured shall immediately contact the veterinarian or the competent technical officer for further inspection and make a death report or death certificate. In the event of a loss of a cow, the insured shall immediately contact the competent technical officer who shall then make a report of the loss with the knowledge of the police.

After obtaining approval for the claim, the insurance company will examine the minutes of the death or loss examination and then issue a claim approval letter within 14 working days from the date of receipt. Payment of claims is carried out by book-entry (transfer) to the account of the insured. The significant increase every year is due to the awareness of farmers about the protection of cattle. The convenience and costs incurred greatly relieve farmers. Easy claims are another consideration for farmers to register as AUTS participants.

4. Conclusion

Farmer satisfaction level with AUTS is in the excellent category, which means very satisfied and in accordance with the expectations of farmers, both in terms of service characteristics, personal relationships, service arrangements and customer strength.

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