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HOW CONTRACT FARMING SHAPES FARMER SATISFACTION: EVIDENCE FROM BROILER PARTNERSHIPS IN RURAL INDONESIA

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ABSTRACT

Contract farming has become an important institutional mechanism for integrating smallholder poultry farmers into modern agrifood value chains, yet little is known about how its service governance shapes farmer satisfaction beyond economic outcomes. This study examines how institutional service quality influences farmer satisfaction within broiler contract farming in rural Indonesia. A cross-sectional survey was conducted with 73 contract broiler farmers affiliated with seven partnership companies in Langkat Regency, North Sumatra. Data were collected using structured questionnaires covering sixteen partnership service attributes and analyzed through Importance-Performance Analysis (IPA) and the Customer Satisfaction Index (CSI). The findings indicate that farmers were generally satisfied with the partnership system (CSI = 68.60%), although a substantial gap remained between service performance and farmers' expectations. Attributes associated with production risk management—including the quality of day-old chicks, veterinary inputs, technical assistance, harvest timeliness, and compensation—represented the highest priorities for improvement, whereas feed quality, feed pricing, production standards, and harvest price conformity constituted the system's principal strengths. These findings demonstrate that farmer satisfaction is shaped not only by economic incentives but also by institutional service quality, governance responsiveness, and risk-sharing arrangements. The study advances the contract farming literature by framing partnership performance as an institutional governance issue and offers an evidence-based framework for strengthening sustainable, farmer-centered contract farming in rural agrifood systems.

Keywords: Agrifood Governance, Contract Farming, Customer Satisfaction Index, Farmer Satisfaction, Importance-Performance Analysis, Institutional Service Quality

INTRODUCTION

The rapid expansion of agribusiness contract arrangements has transformed the organization of agricultural production across many developing countries. Contract farming has emerged as one of the most influential institutional mechanisms for integrating smallholders into modern value chains by providing access to production inputs, technical assistance, market guarantees, and financial support. In practice, however, the sustainability of contract farming arrangements is not solely determined by production outcomes or economic gains. Farmers' perceptions of fairness, service quality, institutional support, and risk-sharing mechanisms are

equally important in shaping their willingness to remain in contractual relationships. The success of contract farming therefore depends not only on what farmers produce, but also on how they experience the institutional arrangements governing their production activities (Nababan & Ayu, 2025; Safiteri et al., 2023; Sari et al., 2025).

The Indonesian poultry sector offers a compelling example of this transformation. Broiler production has become one of the fastest-growing livestock industries in Indonesia, driven by rising domestic demand for affordable animal protein and the increasing commercialization of poultry supply chains. Within this sector, the nucleus–plasma partnership model has become the dominant form of contract farming, linking broiler farmers with large agribusiness companies that provide production inputs, technical supervision, and guaranteed market access. Under this arrangement, farmers rely heavily on partner companies for essential production components, including day-old chicks, feed, veterinary products, technical guidance, and harvest management. Consequently, the quality of services delivered by partner companies substantially influences both farm performance and the sustainability of contractual relationships (Fadhil et al., 2025; Fauzi et al., 2025).

While contract farming is frequently promoted as a mutually beneficial arrangement, the relationship between farmers and companies is often characterized by asymmetric power relations and institutional dependencies. Farmers are expected to comply with production standards and contractual obligations, whereas companies are responsible for ensuring that services are delivered consistently and transparently. When institutional arrangements fail to meet farmers' expectations, dissatisfaction may emerge despite satisfactory production outcomes. Delays in harvesting schedules, inconsistencies in input quality, inadequate technical assistance, or perceived unfairness in compensation mechanisms can significantly affect farmers' evaluations of partnership performance. Such dissatisfaction may weaken farmers' commitment to contract arrangements and threaten the long-term viability of the partnership system (Dwiyani et al., 2024; Suharno, 2025; Untari & Vellema, 2022).

In North Sumatra, particularly in Langkat Regency, broiler farming has experienced considerable growth over the last decade. The region has become an important poultry production area supported by numerous partnership companies operating through contract farming schemes. Despite this growth, fluctuations in the number of contract farmers participating in partnership arrangements suggest that institutional challenges remain. Anecdotal evidence from farming communities indicates that farmers continue to experience concerns regarding production risk management, the quality of day-old chicks and veterinary products, timeliness of harvesting schedules, and the adequacy of technical supervision provided by partner companies. These issues underscore the importance of examining contract farming not merely as a production arrangement but also as a service-oriented institutional relationship that shapes farmers' experiences and satisfaction.

Farmer satisfaction constitutes an important yet frequently overlooked dimension of agricultural governance. Satisfaction reflects the extent to which farmers perceive that

institutional arrangements meet their expectations regarding services, contractual obligations, and production support. It also represents an important predictor of farmers' willingness to sustain contractual relationships over time. From a managerial perspective, satisfied farmers are more likely to remain committed to partnership arrangements and contribute to the stability of agrifood value chains. From a broader social science perspective, farmer satisfaction provides valuable insights into the social and institutional dimensions of rural economic relationships, including trust, reciprocity, power dynamics, and institutional accountability (Chandra et al., 2025; Utama et al., 2025). Understanding how farmers evaluate partnership arrangements is therefore essential for developing more inclusive and sustainable agribusiness governance models.

Existing scholarship on contract farming has predominantly emphasized its economic impacts. Numerous studies have demonstrated that contract farming can improve farmers' productivity, income, access to technology, and market participation (Forney & Dwiartama, 2023; Martinez & Fernandez-Cueva, 2025). Contract arrangements have been shown to reduce market uncertainties and facilitate the integration of smallholders into global and domestic value chains. Similarly, Minot and Sawyer (2016) highlighted that contract farming can contribute positively to rural development when institutional arrangements are appropriately designed. These studies have provided substantial evidence regarding the economic advantages of contract farming but have paid comparatively less attention to how farmers evaluate the quality of institutional services embedded within contractual relationships.

Another stream of literature has examined the governance dimensions of contract farming by focusing on issues such as trust, bargaining power, contract enforcement, and institutional relationships between farmers and agribusiness firms. Research suggests that governance mechanisms significantly influence the success and sustainability of agricultural partnerships (Andriyansah et al., 2026; Hidayati et al., 2021). Trust and transparency have been identified as important factors affecting farmers' commitment to contractual arrangements, while institutional failures may undermine both economic and social outcomes. Nevertheless, these studies generally conceptualize governance as a structural characteristic of contract arrangements rather than exploring how governance quality influences farmers' subjective evaluations and satisfaction.

The literature on customer satisfaction and service quality offers another relevant perspective. Satisfaction has been widely studied across various institutional contexts, including agricultural cooperatives, agricultural extension services, financial institutions, and public services. The Customer Satisfaction Index and Importance–Performance Analysis have become widely adopted tools for assessing service quality and identifying institutional priorities for improvement (Rahmatika et al., 2026; Salman et al., 2026). Previous studies have successfully employed these approaches to measure users' perceptions of institutional performance and to evaluate service attributes affecting satisfaction. However, applications within the context of agricultural contract farming remain relatively limited, particularly in livestock production

systems.

Recent developments in agrifood systems research have increasingly emphasized the role of institutional quality in promoting sustainability and resilience. Sustainable agricultural governance requires not only productive and economically efficient systems but also responsive institutions capable of addressing stakeholders' expectations and managing production risks effectively (Azizah et al., 2024; Ma et al., 2026). Scholars have argued that sustainability in agricultural value chains depends substantially on the quality of relationships among actors and the institutional arrangements governing their interactions (I. P. Pratama et al., 2021; Sondak et al., 2025). Yet empirical evidence explaining how specific institutional attributes within contract farming arrangements shape farmer satisfaction remains scarce, particularly in Southeast Asian poultry industries.

Despite the growing body of literature on contract farming and agricultural governance, discussions surrounding farmer satisfaction continue to occupy a relatively peripheral position in the debate. Satisfaction is frequently treated as an outcome variable represented by aggregate indices, while the institutional mechanisms that produce satisfaction are seldom examined in detail. Moreover, existing studies tend to evaluate partner companies primarily as providers of production inputs rather than as institutional actors responsible for service delivery, risk management, and relationship governance. Consequently, important questions remain regarding which institutional attributes matter most to farmers and how these attributes influence the sustainability of contract farming arrangements.

Viewed from this perspective, evaluating contract farming through the lens of institutional service quality offers a more nuanced understanding of partnership sustainability. Farmers do not merely participate in contractual arrangements to access inputs and markets; they engage in long-term institutional relationships characterized by expectations concerning fairness, responsiveness, and support. Satisfaction therefore emerges as a socially constructed outcome shaped by the interaction between institutional performance and farmers' lived experiences within contractual systems. Capturing these dimensions requires an analytical approach capable of simultaneously measuring satisfaction levels and identifying institutional priorities for improvement.

This study addresses these concerns by examining how contract farming shapes broiler farmers' satisfaction in Langkat Regency, North Sumatra, Indonesia. Specifically, it investigates the extent to which institutional service attributes influence farmers' satisfaction with partner companies, evaluates discrepancies between farmers' expectations and perceived performance using Importance–Performance Analysis, measures overall satisfaction through the Customer Satisfaction Index, and identifies governance priorities that may strengthen the sustainability of broiler farming partnerships. By positioning contract farming as an institutional service system rather than merely a production arrangement, this study seeks to contribute to broader discussions in sociology, human geography, and the social humanities concerning institutional relationships, rural governance, and sustainable agrifood systems.

RESEARCH METHOD

This study employed a quantitative cross-sectional survey design to examine how institutional service attributes within broiler contract farming arrangements shape farmers' satisfaction with their partner companies. A quantitative approach was considered particularly appropriate because the primary objective of the study was not only to measure farmers' levels of satisfaction but also to identify which institutional characteristics of contract farming partnerships most strongly influence farmers' evaluations of partnership performance. Given that farmer satisfaction is multidimensional and reflects the interaction between expectations and actual experiences, a structured survey design enabled the systematic measurement of farmers' perceptions regarding various partnership services and governance attributes at a single point in time.

The research was conducted in Langkat Regency, North Sumatra, Indonesia, one of the major broiler production areas where contract farming arrangements are extensively implemented by several nucleus companies. The study site was selected purposively based on two considerations. First, Langkat Regency has a relatively high concentration of broiler farmers participating in partnership schemes, making it an appropriate setting for investigating institutional relationships between farmers and agribusiness companies. Second, the presence of multiple partnership companies operating within the same geographical area provides an opportunity to capture variations in farmers' experiences and perceptions of institutional service quality across different contractual arrangements. Selecting a region characterized by intensive contract farming activities allows for a more comprehensive understanding of how partnership governance influences farmer satisfaction in rural agrifood systems.

The study population consisted of all broiler farmers engaged in formal partnerships with broiler companies operating in Langkat Regency. A total of seventy-three farmers affiliated with seven partnership companies—PT. CP, PT. IA, PT. CA, PT. MF, PTP, PT. SI, and PT. NH—participated in this study. Since the total population was relatively manageable and accessible, census sampling was employed, whereby all identified contract farmers were included as respondents. The use of census sampling strengthens the representativeness of the findings by eliminating sampling bias and ensuring that the study captures the full range of experiences among partnership farmers within the study area.

Data collection was conducted using both primary and secondary sources. Primary data were obtained through field observations, structured interviews, informal discussions with farmers, and questionnaire surveys. The questionnaire was designed to measure farmers' perceptions regarding both the importance and the performance of institutional service attributes provided by partner companies. These attributes encompassed production input services, including the quality of day-old chicks, feed, veterinary products, and production equipment; technical support services such as field supervision and technical assistance; and post-harvest services, including harvesting schedules, pricing mechanisms, and compensation arrangements. Secondary data were collected from relevant government institutions and

supporting documents to provide contextual information regarding broiler farming activities and partnership arrangements within the study area.

Farmer perceptions were measured using a five-point Likert scale to assess both the importance of each service attribute and its perceived performance. Measuring these two dimensions simultaneously is particularly important because farmer satisfaction is fundamentally shaped by the extent to which actual institutional performance meets or exceeds farmers' expectations. This approach enables a more nuanced assessment of partnership quality beyond simple satisfaction scores.

The analytical framework integrated descriptive statistics, Importance–Performance Analysis (IPA), and the Customer Satisfaction Index (CSI). Descriptive statistics were first employed to summarize respondents' characteristics and general perceptions of partnership services. Importance–Performance Analysis was subsequently used to evaluate the level of conformity between farmers' expectations and the actual performance of partnership companies. The conformity index was calculated by comparing performance scores with importance scores for each institutional attribute. Attributes were then mapped into a Cartesian diagram consisting of four quadrants: attributes requiring immediate improvement, attributes whose performance should be maintained, attributes of relatively lower priority, and attributes indicating possible overinvestment in service provision. This analytical procedure facilitates the identification of institutional reform priorities within the contract farming system.

To complement the IPA findings, the Customer Satisfaction Index was employed to determine the overall level of farmer satisfaction with partnership arrangements. The CSI was calculated through several stages, including the determination of Mean Importance Scores, Mean Satisfaction Scores, Weight Factors, and Weight Scores, before generating a composite satisfaction index. The resulting CSI values were interpreted using established satisfaction categories ranging from dissatisfied to highly satisfied.

RESULTS AND DISCUSSION

Characteristics of Contract Broiler Farmers in Langkat Regency

The demographic and socioeconomic characteristics of contract broiler farmers provide important insights into their capacity to manage farming operations, adapt to institutional arrangements, and evaluate the quality of services provided by partner companies. In contract farming systems, farmer characteristics are particularly relevant because perceptions of partnership performance and satisfaction are often shaped by farmers' experiences, managerial competencies, and production capacities. Understanding these characteristics therefore contributes to a more comprehensive interpretation of how farmers respond to institutional governance and service delivery within partnership arrangements.

The respondents in this study were predominantly male, accounting for 89.04% (65 farmers), while female farmers represented only 10.96% (8 farmers). The dominance of male

farmers reflects the labor-intensive nature of broiler production, which requires continuous supervision of livestock conditions, feed management, environmental control, and operational decision-making throughout the production cycle. Broiler farming under contract arrangements often demands substantial physical involvement and technical management, which partly explains the greater participation of men in this sector (Febrianto et al., 2026; Putra et al., 2025; Wiranata et al., 2025). Nevertheless, the presence of female farmers indicates that poultry farming is increasingly becoming accessible to diverse household members, particularly in family-based farming enterprises where managerial responsibilities may be shared among household members.

The age distribution of respondents further illustrates that contract broiler farming in Langkat Regency is primarily managed by individuals in their productive and mature working years. Farmers aged over 50 years constituted the largest proportion of respondents (35.62%), followed by those aged 31–40 years (24.66%), 41–50 years (23.29%), and 20–30 years (16.44%). This demographic profile suggests that broiler farming partnerships tend to attract farmers who have accumulated substantial farming experience and possess the managerial maturity required to operate within contractual production systems. Older farmers often demonstrate greater familiarity with production risks, market dynamics, and institutional relationships, enabling them to make more informed decisions regarding farm management and partnership commitments. Age is therefore an important factor influencing farmers' productivity, problem-solving abilities, and strategic decision-making processes within contract farming arrangements (Angreheni et al., 2022; Harsela, 2026; Rahmadhani et al., 2024).

The educational background of respondents also indicates a relatively favorable level of human capital among contract broiler farmers. Most respondents had completed senior high school education (42.4%), followed closely by bachelor's degree holders (38.3%), while junior high school graduates accounted for 16.4%, and diploma graduates represented 2.73% of the sample. The relatively high educational attainment observed among respondents suggests that broiler contract farming requires farmers to possess adequate cognitive and managerial capacities to understand contractual obligations, implement technical recommendations, and adopt innovations introduced by partner companies. Higher levels of education are generally associated with greater openness to technological adoption, improved managerial skills, and enhanced ability to evaluate institutional services critically (Azhar et al., 2021; Febila et al., 2025; Wijonarko & Woro Astuti, 2022). Consequently, educational attainment may significantly influence how farmers perceive and assess the performance of partnership companies across various service attributes.

Experience within the partnership system represents another important characteristic that shapes farmers' perceptions and expectations. The majority of respondents had participated in partnership arrangements for four to six years (41.10%), followed by those with one to three years of experience (36.99%), more than ten years (19.18%), and seven to nine years (2.74%). This distribution indicates that most farmers have accumulated sufficient experience to

understand both the advantages and limitations of contract farming arrangements. Farmers who have been engaged in partnerships for several production cycles are more likely to develop informed expectations regarding service quality, technical assistance, and institutional support provided by partner companies. Moreover, longer participation in partnership schemes may contribute to improvements in production skills, managerial competencies, and operational efficiency, ultimately influencing farmers' evaluations of partnership performance (Indrawan et al., 2025; Rokhani et al., 2021; White & Wijaya, 2022). Experienced farmers are also more capable of identifying institutional strengths and weaknesses within contractual arrangements, making their assessments particularly valuable in evaluating the sustainability of partnership systems.

The scale of livestock operations further reflects the commercial orientation of broiler farming under partnership schemes in Langkat Regency. Most respondents operated medium-scale farms with production capacities ranging from 15,000 to 40,000 birds, accounting for 68.49% of the sample, while the remaining 31.51% managed smaller-scale operations with capacities between 5,000 and 15,000 birds. The predominance of medium-scale farming suggests that contract farming arrangements are particularly conducive to supporting commercially oriented poultry enterprises that require significant investments in infrastructure, labor, and production management. Medium-scale farmers are often better positioned to benefit from partnership systems because they possess sufficient production capacity to achieve economies of scale while remaining dependent on institutional support provided by partner companies. Previous studies have demonstrated that medium-scale poultry operations tend to exhibit greater technical efficiency and adaptability within contractual production systems compared to smaller enterprises (Huda et al., 2025; Mulya et al., 2021; Prasetyo et al., 2022).

Taken together, the characteristics of respondents portray a relatively experienced and commercially oriented farming community that operates within institutionalized contract farming arrangements. The predominance of mature, educated, and medium-scale farmers suggests that respondents possess the managerial and technical capacities necessary to critically evaluate the quality of partnership services provided by nucleus companies. These characteristics are particularly important in the context of farmer satisfaction studies because farmers' perceptions are shaped not only by economic outcomes but also by their experiences, expectations, and capacities to assess institutional performance. Consequently, understanding the socioeconomic profile of contract broiler farmers provides an essential foundation for interpreting their satisfaction levels and identifying institutional factors that contribute to the sustainability of partnership-based broiler farming systems.

Analysis of Contract Broiler Farmers' Satisfaction with the Service Performance of Broiler Partnership Companies in Langkat Regency

The Importance–Performance Analysis (IPA) was employed to evaluate the extent to which the institutional services provided by partnership companies have met the expectations of contract broiler farmers in Langkat Regency. By simultaneously assessing the perceived

importance and actual performance of partnership attributes, this approach provides a comprehensive understanding of farmers' evaluations of the partnership system. The analysis is particularly useful for identifying institutional strengths and service gaps that may influence farmer satisfaction and the long-term sustainability of contract farming arrangements. The conformity level between performance and importance scores for each partnership attribute is presented in Table 1.

Table 1 Conformity Levels Between Performance and Importance of Partnership Attributes

No.	Variable	Attribute	Performance Score	Importance Score	Conformity Level (%)
1.	Production Input Services	Application of Contract	234	335	
		Price for Day-Old Chicks (DOC)			68.86
		Quality of Day-Old Chicks (DOC)	238	344	69.07
		Contract Price of Feed	292	347	86
		Feed Quality	290	342	86
		Price of Drugs, Vaccines, and Chemicals (DVC)	248	324	75
		Quality of Drugs, Vaccines, and Chemicals (DVC)	237	338	69.43
		Schedule of Production	263	336	
		Input Delivery			78
2.	Technical Farming Services	Frequency Of Technical Assistance	248	348	74
		Technical Assistance	233	341	
		Services and Materials			67.00
		Implementation Of Production Standards	272	342	81
		Timeliness Of Harvesting	233	341	67
		Response To Complaints	273	323	82
3.	Post-Harvest Services	Suitability of Harvest	275	340	
		Selling Price			78
		Speed of Payment	287	321	88
		Provision of Bonuses	282	323	85
		Provision of Compensation	246	337	71
Total					77%
					(Appropriate)

Source: Processed Primary Data, 2026

The results indicate that the overall conformity level reached 77%, which falls within the appropriate category. This finding suggests that the partnership companies have generally performed in accordance with farmers' expectations. Nevertheless, the average importance scores remained higher than the corresponding performance scores across several institutional attributes, indicating that certain aspects of the partnership system require further

improvement. The existence of these service gaps demonstrates that farmers' satisfaction is influenced not only by economic benefits but also by the quality of institutional services provided throughout the production cycle.

Among the production input services, feed-related attributes exhibited the highest conformity levels. Both feed price and feed quality achieved conformity scores of 86%, indicating that partner companies have been successful in meeting farmers' expectations regarding one of the most critical production inputs in broiler farming. Given that feed constitutes the largest proportion of production costs and substantially determines livestock performance, maintaining feed quality and price stability is essential for sustaining farmers' satisfaction and farm profitability (D. R. Pratama, 2025; Setianingrum et al., 2024). In contrast, the quality of day-old chicks and veterinary products, including drugs, vaccines, and chemicals, demonstrated relatively lower conformity levels. These findings suggest that farmers remain concerned about the reliability and consistency of production inputs that directly influence mortality rates, production efficiency, and overall farm performance (Arsyad et al., 2025; Munarso et al., 2024).

A similar pattern was observed in the technical farming service dimension. The implementation of production standards and responsiveness to farmers' complaints showed relatively high conformity levels, indicating that partnership companies have established effective operational procedures and communication mechanisms. However, technical assistance services and harvest timeliness remain important institutional challenges. Technical guidance constitutes an essential component of contract farming arrangements because it enables farmers to improve production practices and address technical constraints. Likewise, timely harvesting is directly associated with production efficiency and business profitability. Delays in harvest schedules may increase production costs and generate uncertainty in farm management decisions, thereby reducing farmers' overall satisfaction with the partnership system (Hakim et al., 2024; Rehman et al., 2023).

Within post-harvest services, payment speed and bonus provision emerged as institutional strengths of the partnership arrangements. These attributes contribute positively to farmers' perceptions by ensuring financial certainty and providing additional economic incentives. Nevertheless, compensation mechanisms were perceived less favorably, indicating that farmers expect more comprehensive institutional support for managing production risks. Effective compensation policies are particularly important in contract farming systems because they reflect the extent to which partner companies share production risks with farmers and uphold principles of institutional fairness (Basri et al., 2024; Zaenuri et al., 2023).

Overall, the findings demonstrate that while the partnership system has performed satisfactorily across several service dimensions, farmer satisfaction remains closely linked to the quality of institutional governance embedded within contract farming arrangements. Improving critical service attributes, particularly those associated with production input quality, technical assistance, harvest management, and compensation mechanisms, is likely to strengthen farmers' trust and contribute to the long-term sustainability of broiler farming partnerships.

To further identify which partnership attributes require immediate institutional attention, the Importance–Performance Analysis was subsequently mapped using a Cartesian framework based on the average importance and performance scores of each attribute. This mapping enables the classification of service attributes according to their strategic priorities for improvement. The mean scores and quadrant classifications are presented in Table 2.

Table 2 Mean Scores of Importance (Y) and Performance (X)

Service	Attribute	Mean (X)	Mean (Y)	Quadrant
Production Input Services	Application of Contract Price for Day-Old Chicks (DOC)	3.14	4.58	I
	Quality of Day-Old Chicks (DOC)	3.24	4.71	I
	Contract Price of Feed	4.01	4.70	II
	Feed Quality	3.94	4.61	II
	Price of Drugs, Vaccines, and Chemicals (DVC)	3.32	4.44	III
	Quality of Drugs, Vaccines, and Chemicals (DVC)	3.24	4.69	I
	Schedule of Production Input Delivery	3.47	4.46	III
Technical Farming Services	Frequency Of Technical Assistance	3.44	4.66	I
	Technical Assistance Services and Materials	3.12	4.77	I
	Implementation Of Production Standards	3.79	4.67	II
	Timeliness Of Harvesting	3.12	4.77	I
Post-Harvest Services	Response To Complaints	3.64	4.41	IV
	Suitability of Harvest Selling Price	3.61	4.64	II
	Speed of Payment	3.78	4.31	IV
	Provision of Bonuses	3.71	4.36	IV
	Provision of Compensation	3.27	4.66	I
Average		3.49	4.59	

Source: Processed Primary Data, 2026

The average importance score (4.59) exceeded the average performance score (3.49), indicating that farmers' expectations remain relatively high compared to the services currently delivered by partnership companies. This discrepancy suggests that improvements in institutional service quality remain necessary despite the generally positive evaluations of the partnership system.

The quadrant analysis reveals that several institutional attributes require immediate attention because they are perceived as highly important but exhibit relatively low performance. These include the contract price and quality of day-old chicks, the quality of veterinary products, the frequency and quality of technical assistance, harvest timeliness, and compensation mechanisms. Collectively, these attributes represent the institutional dimensions most closely associated with production risk management and business sustainability. Their placement within the priority quadrant indicates that farmers expect partner companies to strengthen their roles not merely as suppliers of production inputs but also as institutional partners capable of reducing production uncertainties and supporting farmers throughout the production process.

Conversely, feed price, feed quality, implementation of production standards, and harvest price suitability were identified as institutional strengths that should be maintained. These attributes are fundamental to production efficiency and income certainty and have successfully met farmers' expectations. Their favorable performance highlights the importance of maintaining institutional consistency in service delivery across critical production components.

The remaining attributes, including production input delivery schedules, complaint handling, payment speed, and bonus provision, exhibited varying levels of strategic importance. Although some of these services perform well, farmers do not necessarily consider them the primary determinants of partnership satisfaction. This finding suggests that institutional reforms should be prioritized strategically rather than uniformly across all service attributes.

To complement the institutional analysis provided by the Importance–Performance Analysis, the Customer Satisfaction Index (CSI) was employed to measure the overall level of farmer satisfaction with the partnership system. The CSI results are presented in Table 3.

Table 3 Customer Satisfaction Index (CSI) Calculation

Attribute	MIS	WF (%)	MSS	WS
Production Input Services				
Application of Contract Price for DOC	4.58	6.23	3.14	19.46
Quality of DOC	4.71	6.41	3.24	20.44
Feed Contract Price	4.70	6.45	4.01	25.20
Feed Quality	4.61	6.33	3.94	24.24
Price of Drugs, Vaccines, and Chemicals	4.44	6.08	3.32	19.75
Quality of Drugs, Vaccines, and Chemicals	4.69	6.42	3.24	20.36
Schedule of Production Input Delivery	4.46	6.12	3.47	20.72
Technical Farming Services				
Frequency of Technical Assistance	4.66	6.39	3.44	21.46
Technical Assistance Services and Materials	4.77	6.54	3.12	19.91
Implementation of Production Standards	4.67	6.41	3.79	23.73
Timeliness of Harvesting	4.77	6.54	3.12	19.91
Response to Complaints	4.41	6.05	3.64	21.60
Post-Harvest Services				
Suitability of Harvest Selling Price	4.64	6.37	3.61	22.45
Speed of Harvest Payment	4.31	5.91	3.78	21.75
Provision of Bonuses	4.36	5.98	3.71	21.67
Provision of Compensation	4.66	6.38	3.27	20.34
Total	73.45	100	3.49	343
Customer Satisfaction Index (CSI)				68.60%

Source: Processed Primary Data (2026).

The Customer Satisfaction Index yielded a score of 68.60%, indicating that contract broiler farmers are generally satisfied with the services provided by partnership companies. Although this score falls within the satisfied category, it also implies that a substantial proportion of farmers' expectations remain unmet. The findings suggest that satisfaction within contract farming systems is multidimensional and shaped by the interaction between institutional service

quality, production support mechanisms, and farmers' perceptions of partnership governance.

Feed-related services, production standards, and harvest price suitability contributed most significantly to farmer satisfaction. These institutional attributes enhance production efficiency and provide greater income certainty, thereby strengthening farmers' confidence in partnership arrangements (Fidiyani et al., 2025; Pitono et al., 2024; Zulfan et al., 2025). In contrast, production input quality, technical assistance, harvest timeliness, and compensation mechanisms remain the principal sources of dissatisfaction, highlighting persistent institutional service gaps that require policy and managerial attention.

Taken together, the IPA and CSI findings demonstrate that farmer satisfaction cannot be adequately explained by economic outcomes alone. Rather, satisfaction emerges from the quality of institutional relationships established between farmers and partner companies. Contract farming should therefore be understood not only as a production and marketing arrangement but also as an institutional service system in which governance quality, responsiveness, and risk-sharing mechanisms play central roles in determining the sustainability of farmer–company partnerships.

Contract Farming as an Institutional Service System

Beyond the institutional and managerial dimensions of contract farming, the findings also carry important sociological implications regarding the nature of farmer–company relationships in contemporary rural agrarian systems. The partnership model examined in this study demonstrates that contract farming is not merely an economic arrangement for coordinating production and market access, but rather a social institution that structures interactions, expectations, and dependencies between farmers and agribusiness companies. Farmers' satisfaction is therefore socially constructed through their everyday experiences of receiving institutional services, negotiating production risks, and evaluating the fairness and responsiveness of partner companies.

From a sociological perspective, the relatively high importance assigned by farmers to technical assistance, input quality, harvest timeliness, and compensation mechanisms reflects the significance of institutional trust in sustaining contractual relationships. Farmers participating in contract farming arrangements do not simply act as economic actors seeking profit maximization. Instead, they are embedded within institutional networks in which trust, reciprocity, and perceptions of fairness influence their willingness to maintain long-term partnerships. When institutional services are perceived as responsive and equitable, farmers are more likely to develop confidence in partnership arrangements and remain committed to contractual obligations. Conversely, service gaps may generate institutional dissatisfaction that potentially undermines social cohesion and the sustainability of agribusiness partnerships.

These findings resonate with broader sociological discussions on agrarian transformation and rural institutional change. The expansion of contract farming has altered traditional farmer–market relationships by positioning agribusiness firms as service institutions that mediate access

to technology, production inputs, and markets. Consequently, the quality of institutional governance becomes an important determinant of how farmers experience economic modernization in rural areas. Farmer satisfaction in this context is not simply an indicator of service performance but also reflects the extent to which institutional arrangements support social inclusion, reduce production uncertainties, and promote equitable relationships between corporate actors and small-scale producers.

The results further suggest that the sustainability of contract farming should be understood as a multidimensional phenomenon that encompasses economic performance, institutional service quality, and social relations. Improving farmer satisfaction therefore requires more than enhancing productivity or financial incentives. Partnership companies must strengthen institutional practices that foster trust, transparency, and risk-sharing mechanisms that are perceived as fair by farmers. Such efforts are particularly important for developing more sustainable and socially responsive agrifood systems in rural Indonesia. By recognizing contract farming as an institutional service system embedded within broader social relationships, this study contributes to sociological debates on rural governance, agrarian institutions, and the human dimensions of agricultural modernization.

CONCLUSION

Contract farming in broiler production shapes farmer satisfaction not only through economic incentives and production outcomes but also through the quality of institutional services embedded within partnership arrangements. This study demonstrates that farmers' satisfaction is primarily influenced by how partner companies manage critical institutional attributes, including production input quality, technical assistance, harvest management, and compensation mechanisms. Although the overall level of farmer satisfaction indicates that the partnership system has generally performed well, important service gaps remain between farmers' expectations and the actual performance of partner companies. The findings suggest that the sustainability of contract farming is closely associated with institutional governance that is responsive to farmers' needs and capable of reducing production risks throughout the farming cycle. By integrating Importance–Performance Analysis and the Customer Satisfaction Index, this study provides a more comprehensive understanding of farmer satisfaction by identifying not only the level of satisfaction but also the institutional priorities that require improvement. More importantly, the study highlights that contract farming should be understood as an institutional service system in which service quality, fairness, and risk-sharing mechanisms play important roles in sustaining farmer–company relationships. These findings contribute to a broader understanding of contract farming as a socially embedded institutional arrangement and offer practical implications for developing more sustainable and farmer-centered partnership models in rural agrifood systems.

ETHICAL STATEMENT AND DISCLOSURE

This study was conducted in accordance with established ethical principles, including informed consent, protection of informants' confidentiality, and respect for local cultural values. Special consideration was given to participants from vulnerable groups to ensure their safety, comfort, and equal rights to participate. No external funding was received, and the authors declare no conflict of interest. All data and information presented were collected through valid research methods and have been verified to ensure their accuracy and reliability. The use of artificial intelligence (AI) was limited to technical assistance for writing and language editing, without influencing the scientific substance of the work. The authors express their gratitude to the informants for their valuable insights, and to the anonymous reviewers for their constructive feedback on an earlier version of this manuscript. The authors take full responsibility for the content and conclusions of this article.

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