

## The Existence of Livestock Market and Its Impact towards Development of Cute Beef Living Business in Sijunjung Regency

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### Original Research Article

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**Abstract:** The purpose of this study was to determine the objective conditions of the Palangki Livestock Market and the opinions of stakeholders about their main functions and the implications of their existence on the development of beef cattle farming in Sijunjung District. This study found that the type A Palangki cattle market was only used by cattle traders. So that the function of the market is not running properly. This can be seen from the differences of opinion which are the opposite of the stakeholders who are the research respondents, namely traders and breeders. Then, at the macro level, the Palangki cattle market has no significant implications for the development of beef cattle farming in Sijunjung District. Where from the research data illustrate that the development of population and beef cattle breeding business does not address significant changes in the last 5 (five) years.

**Keywords:** Livestock, Market, Development, Beef, Sijunjung.

### PRELIMINARY

The cattle marketing system in Indonesia, especially large livestock, is still traditional. Where traders are very dominant in price fixing, be it transactions within the farmer, village / nagari cattle market, sub-district cattle market and up to the district / city level cattle market. For large ruminant animals, especially beef cattle, traders estimate the weight of livestock or the weight of meat based on their experience.

For inexperienced breeders, he does not have the knowledge to estimate the weight of cattle or the weight of meat that is used as the basis for pricing, therefore because both parties do not have the same knowledge, the pricing in the sale and purchase transaction is not transparent.

This condition causes farmers to always "lose" when selling their livestock or when buying cattle that they will maintain. The accumulation of such occurrences is seen as the cause of dis-motivation to raise livestock because of the greater profits obtained by traders while farmers receive much smaller dangling.

The existence of a livestock market has a number of functions and objectives, including the place for transactions for cattle sellers and buyers. In addition, if it is based on the concept of livestock agribusiness, the market is an important place for the process of changing the value of an animal to economic units both at the time of selling and when buying. This is what is called in the marketing method by the process of forming or forming prices [1].

Thus a good livestock market in a region can be a prerequisite for developing a livestock business in the region because it can generate motivation for community members to choose livestock commodities as an effort in their economic system. In areas where

community members have high motivation to raise livestock as a business, it will spur the development of livestock in the region which is characterized by population growth [1].

West Sumatra has 29 livestock market units scattered in almost all districts and cities. Based on the formation process, the cattle market in West Sumatra can be divided into 2 types. The first is the market that grows out of its own environment because of its needs and is managed by the community and continues to grow into bigger ones. This type of market eventually transforms into the Nagari Livestock Market. Second, the livestock market is built by the local government through the Livestock Service and managed by the Office as a public service institution. The difference in the process of formation and management has the consequence of differences in physical conditions, governance and the level of satisfaction of the public who get service.

The Palangki Livestock Market built by the Sijunjung District Government is managed by the Livestock Market Technical Implementation Unit (UPT). The existence of this cattle market is expected to be able to become a place for buying cattle that will be maintained and selling livestock from breeders with transparent pricing. The existence of a place for the purchase and sale of livestock is expected to motivate the community to raise livestock. Increased motivation will spur the development of livestock populations in areas where the livestock market is located.

However, the existence of the Palm Cattle Market is not functioning properly. This can be seen in the Sijunjung Regency, which is the habit of livestock owners who sell cattle to traders (brokers) in the market, the market only functions 1 (one) time a week, namely on Saturday and transactions in the Palangki Livestock Market which tend to decrease at 5 (five) last year (2011-2015).

## RESEARCH MATERIALS AND METHODS

### Place and time of research

In accordance with the purpose of this study, the research was conducted in two main locations, namely: (1) Palangki cattle market, IV Nagari District, Sijunjung District. (2) Region 3 District adjacent to the Palangki Livestock Market, namely: (1) District IV Nagari, (2) Kecamatan Kupitan and (3) Kecamatan Sijunjung. Data collection is carried out for 2 (two) months, from April to May 2017.

### Research methods

In general, this study uses survey methods, where data is taken as is by not giving treatment / treatment to the source of data collected in the form of primary data and secondary data.

### Data source

Primary data comes from key informants and respondents consisting of; market management employees, traders who conduct livestock buying and selling activities in the market and breeders as producers (producers) of livestock, especially beef cattle in the 3 sub-districts closest to the Palangki cattle market.

### Technique / Data Collection Method

Primary data collection was carried out through interview techniques, namely in-depth interviews with key informants and filling out questionnaires to respondents. In addition to interview techniques, data collection is also carried out using observation techniques on objects and the process of market activity.

### Data analysis

Information and data obtained are described using quantitative and qualitative descriptive analysis with the following methods:

- To find out the technical conditions and market management a descriptive statistical analysis in the form of percentage and average. Furthermore, it will be followed by a qualitative descriptive analysis to describe and explain the existing conditions, especially regarding the Palangki cattle market policies, programs and management.
- To determine the role of the Palangki breeder market as a means of distribution, pricing and promotion are measured by the opinions of respondents. Furthermore, differences of opinion from 3 different groups of stakeholders (farmers, traders and managers) are cross tabulation analysis.
- To find out the market implications of the development will be presented using the graph / trend method.

## RESULTS AND DISCUSSION

### Existence of Palangki Livestock Market

The Palangki Livestock Market occupies an area of  $\pm 1$  Ha with a capacity of 1,000 tails. In this market cattle and buffalo are traded, while small animals, namely goats and sheep are very rare. From its size and capacity, the Palangki Livestock Market includes the Type A cattle market.

According to Agustar A [2], the livestock market model in Indonesia is generally still categorized as a traditional market because of the marketing system (buying and selling transactions) between farmers as livestock owners and traders (middlemen / traditional traders) or still traditional buyers. The system of buying and selling / pricing is not transparent, only based on the assessment of the performance of the livestock not based on body weight as measured by the scales / other measuring instruments or performance assessed based on quality / grade quality.

In addition there is no standard price set by the market so that the price of livestock is often mocked by traders. There is no more open buying and selling such as an auction system. In addition, the physical building of the market and the existing infrastructure facilities in the market are also inadequate, only an open field for cattle to be sold. The pattern of traditional marketing systems such as this does not provide the value of profits for livestock farmers so that the results obtained cannot be enjoyed fairly, only giving one-sided benefits. The profits are more obtained by traders / traders.

What Agustar A said above is the same as what is found in the Palangki Livestock Market. Traditional patterns in the sale and purchase system and the support of infrastructure and facilities have not represented modern livestock markets.

### Management of the Palangki Livestock Market

Since its inception the Palangki Livestock Market was managed directly by the local government. Transactions are crowded every market day that is on Saturdays, even though outside of Saturday there are still transactions. Palangki Livestock Market Management is under the responsibility of the Sijunjung Regency Livestock and Fisheries Office. Based on market manager records, data for 2011 - 2015 shows that on average there are an average of 21,000 cattle and buffalo traded (transactions) in the Palangki Livestock Market.

When calculated on an average every week in the five-year period, the Palangki Livestock Market takes place  $\pm$  404 head of cattle sold / bought every week. If the price of livestock is assumed to be an average of 10,000,000 per head, then in this market, from the witnessed livestock, there will be a velocity of at least Rp.4,040,000,000.- every week. Thus the existence of the Palangki Livestock Market shows its existence as a driver of the dynamics of the economy in this area.

This cattle market is always crowded with traders and buyers of livestock from regencies / cities in West Sumatra Province. Originally the most livestock traders are from Sijunjung District (43.2%), followed by livestock traders from Batusangkar (17.3%) and Solok (16.2%).

In addition to cattle traders from within the province of West Sumatra, the Palangki Livestock Market is also enlivened by traders from outside the provinces of West Sumatra such as Lampung, South Sumatra (Palembang) and Riau. These traders come to the Palangki Livestock Market in general by bringing livestock for sale as well as buying cattle that will be used as trading commodities.

With the breadth of the area of origin of traders in the livestock market, the Palangki Livestock Market is also known as the "wholesale" cattle market because livestock purchased here will generally be re-selling.

### Stakeholders' Opinions on the Role and Function of Livestock Markets

In this study three main categories of stakeholders in the Crude Livestock Market are classified as: Farmers, Livestock Traders and Market Managers.

#### Breeder's opinion

Farmers are one of the important stakeholders in this study. With geographical considerations, farmers who have the closest distance will be able to use more markets, both to sell results and buy livestock that will be maintained as production inputs.

One important function of the livestock market is as a distribution node. This means that the market is a

gathering point for cattle that are traded and will then be distributed to other regions or will be used as beef cattle. In the distribution function, the market plays a role in facilitating the distribution of goods and services from producers to consumers.

Based on the questionnaire's answer, the farmer stated that the Palangki cattle market had not functioned as a good distribution node. This is because farmers find it difficult to sell their livestock directly. Farmers do not understand the "barosok" system of buying and selling, in addition to the lack of opportunities for farmers to establish cooperation with traders in improving livestock business. Furthermore, the breeders also stated that the Palangki Livestock Market had not provided convenience in distributing livestock from farmers to traders and from traders to buyers. Because between farmers and traders do not know each other, so there needs to be an intermediary or "broker" in the process of buying and selling. As a result, some farmers are reluctant to sell their livestock directly to the market, but prefer to sell at home.

When referred to the opinion of Maruya E [3], the market as a means of distribution functions well if it is able to facilitate the process of distributing goods or services from producers to consumers. With the existence of a market, producers can connect directly or indirectly to offer their products to consumers. Instead it is said to not function well if distribution activities are often jammed. Thus this opinion is in accordance with what is said by farmers because farmers as producers do not deal directly with consumers (in this case the buyers of livestock in the market), but farmers still relate to intermediary traders in both the toke livestock category and traders who act as brokers.

Furthermore, the opinion of farmers about the function of the Palangki cattle market as a container for price formation is not good. This is in accordance with the reality, where farmers do not sell or purchase livestock in the Palangki Livestock Market.

While the opinion of breeders on the function of the market as a place of promotion is not good. Where breeders do not feel the Palangki Livestock Market becomes a place to introduce and inform the traded cattle.

From the reality in the field, the Palangki cattle market has not found promotional media such as banners, brochures / leaflets. Besides that, according to farmers, there is no special event in the Palangki Livestock Market to introduce what and how the Palangki cattle market operates. In addition, farmers say the Palangki Livestock Market manager has never cooperated with the mass media in promotional efforts.

### Manager and Trader Opinions

In contrast to breeders, all respondents from traders and managers argue that the Palangki cattle market has functioned well in terms of knots for distributing livestock, determining the price of livestock and promoting livestock and livestock.

This opinion is generally based on the fact that in the Palangki Livestock Market the availability of land and physical facilities to support the sale and purchase of livestock. In addition, traders also feel that the rules applied in the Palangki Livestock Market facilitate the process of selling and buying livestock. Another thing expressed by traders is that the Palangki Livestock Market can maintain price stability when demand is high. Transactions conducted at the Palangki Livestock Market always provide benefits compared to transactions elsewhere. Thus, the Palangki Livestock Market is a *prima donna* for livestock traders, so that the visit of these market traders and transactions is always increasing every year.

With regard to the promotion function, traders are of the opinion that the Palangki Livestock Market manager is willing to accompany farmers and traders to introduce products to consumers. In addition, they also argue that the Palangki Livestock Market as a promotional medium is able to persuade consumers to influence demand greater than what is offered.

While the market manager considers that the Palangki Livestock Market has carried out the distribution function well because they feel they have done their duties and functions as market managers. In addition, the manager stated that the pricing function also went well. Likewise, the promotion function, in which the manager believes that it has gone well on the Palangki cattle market. This assessment is given because the market manager has collaborated with stakeholders.

### Stakeholder opinion differences

From the cross tabulation analysis conducted in this study, it can be seen that there is a sharp difference of opinion between managers and traders and farmers about the existence of the Palangki cattle market when assessed from the market function. Managers and traders are of the opinion that the Palangki cattle market has functioned well as a cattle distribution node, a place where prices are formed and also a promotional media to attract people to know more about livestock and livestock. While the farmers who always have to defend their interests by the government, only 31.6% think that they are good, while the rest think that they are not good or not good.

This difference of opinion is common because each stakeholder understands the existence of the livestock market in terms of their respective interests. For managers and traders, market presence is able to

accommodate their interests. The manager is a government employee who makes the market an institution where he works. While traders see the market as a place where they get economic benefits. The existence of a cattle market makes employees have a place to engage in activities and provide economic benefits for traders who make transactions.

Unlike the case with the actual breeders who are very interested in the real function of the market. The existence of the market has not been used by them to transact so that he does not bring his cattle to market. Thus the distribution function does not occur for them. If there is no transaction in the market, it cannot be said that the market has become a place for price formation.

### Implications of the existence of the Palangki Livestock Market against the Development of Beef Cattle Farming in Sijunjung District

Simply put, the market is interpreted as a meeting place between buyers and sellers to conduct sale and purchase of goods and services. However, broadly the market must be interpreted more than that, namely the place of actors such as buyers and sellers, traded commodities, written or unwritten rules of the game agreed upon by the perpetrators, as well as government regulations that are interrelated, interacting and simultaneously move like a machine.

The existence of the market has implications for the development of various other businesses that require production input from these businesses that are available in the market. On the contrary, the market is also a place to market products produced from these businesses. With this concept, the existence of the cattle market is expected to have positive implications for the development of surrounding livestock raising businesses. Because the livestock market makes it easy to get business input such as going for a fattening maintenance business or broodstock for a maintenance business for the purpose of breeding.

The existence of the Palangki cattle market is expected to have positive implications for the development of beef cattle breeding business. However, from the data of livestock population of cattle and buffalo in the last 5 years (2011-2013) in Sijunjung District there has been a decline in population (negative development). New positive developments occurred from 2014 to 2015.

The role of the market for increasing the livestock population in the Sijunjung district will occur if the market function as a distribution node runs well. The existence of Palangki cattle will attract livestock from the area inside and from outside Sijunjung district.

Another finding from this study is that farmers in Sijunjung District tend to only buy cows from Sijunjung Regency itself. Breeders have the reason that

cows that come from their own regions do not need environmental adjustment anymore and are suitable with the maintenance system that will be implemented. Livestock originating from outside Sijunjung district are carried by traders from Lampung. The maintenance system carried out in the area of origin is different from the maintenance system in Sijunjung. Cows are more wild and make it difficult for farmers to maintain them. With this tendency, population growth due to relatively small procurement. Therefore the existence of the cattle market can be said to have no implications for the increase in the cattle population in Sijunjung District.

#### **CONCLUSION**

This study found that the type A Palangki cattle market was only used by cattle traders. So that the function of the market is not running properly. This can be seen from the differences of opinion which are the opposite of the stakeholders who are the research

respondents, namely traders and breeders. Then, at the macro level, the Palangki cattle market has no significant implications for the development of beef cattle farming in Sijunjung District. Where from the research data illustrate that the development of population and beef cattle breeding business does not address significant changes in the last 5 (five) years.

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