

How Does Local Government Strategy Empower Traditional Fishermen (A Case Study in Java Island-Indonesia)

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The objective of this study is to investigate how local government strategies empower traditional fishermen in the southern coast of Java Island. This research uses a qualitative method with a critical paradigm based on a Karl Marx thought to answer the problem of economic competitiveness of traditional fishermen. The key informants of this research are traditional fishermen, and the heads of Fishery Departments in Pangandaran, Pandeglang, Cilacap and Gunung Kidul. The results show that: (1) fish auction houses that are organized by the Fishery Department of district governments can reduce the gaps in the supply chain from fishermen, to fish processing companies and then to household consumers. (2) Fishery Department acknowledge that the managers of fish auction houses are hampered by the middlemen. The middlemen (Bakulan, Local Javanese Language) in each fish auction house determine fish market price and they provide working capital to the fishermen when they start working. (3) The most effective strategy in a traditional fisherman, fish supply chain is fishermen > the location of fish auction > fish processing industries/consumer. To enhance the fisherman's economic competitiveness, the Department of Fishery should oversee the operating activity of fish auctions and establish a fair price index for every type of fish caught by fishermen in every district.

Key words: Traditional fishermen, Supply chain strategy, Fair index price of fish.

Introduction

The supply chain system of integrated products which consist of production sites, transportation, warehouse locations, and consumers has an essential role in increasing the value-add of the production process (Carter and Price, 1993; Dale et al, 1994; Womack and Jones, 1994; Chen and Paulraj, 2004). Local government policies can support the supply chain model of fishermen, so that competitiveness of fishermen can be improved, particularly those traditional fishermen in the Southern Coast of Java Island. The mechanisms of the supply chain from traditional fishermen have some differing characteristics depending on the quality and freshness of the fish.

Various policies have been issued by the Indonesian government in order to improve competitiveness of fisherman, particularly traditional fishermen. The Indonesian Government issued Government Regulation Number 50 of 2015 on Small Scale Fishermen Empowerment and Small Fish Farmer. The Indonesian Government, through the Ministry of Marine Affairs and Fisheries, aims to improve the welfare of small scale fishermen and optimize their potential in groups. Small Scale Fishermen are people whose livelihood is catching fish to fulfill their daily necessities, they do so by using a fishing boat with a maximum of 5 (five) gross tons (GT)¹. Empowerment of small scale fishermen can be done through efforts to improve the ability of Small Scale Fishermen or traditional fishermen, and to increase opportunities for them to become small fish farmers so they can carry out their activities more efficiently, or on a larger scale.

Government support is very important for traditional fishermen. Their support is typically delivered through creating a safe environment where the fisherman are free from the threat of middlemen, as well foreign and illegal fishing entrepreneurs who can negatively affect the selling price of the catch of traditional fishermen. The Indonesian State has a vision to be a global maritime axis, and thus Indonesia should have maritime defense and protection from upstream to downstream. This phenomenon occurs due to economic liberalization as the consequence of international trade, and should not undermine the government's efforts in protecting traditional fishermen. The main purpose of such is to protect the national economic interest from negative influences and from adverse or an unfavorable situation/condition of international economy/trade.

Based on the census carried out in 2015 by the Central Bureau of Statistics, there has been a decrease in the number of traditional fishermen in Indonesia. Traditional fisherman have decreased from about 1.6 million households to 364 thousand households, and there was a corresponding increase in small fish farmers of 85,000 to 1.2 million households.

¹ Government Regulation Number 50 of 2015 on Small Scale Fishermen Empowerment and Small Fish Farmer

Thus, this research intends to criticize and offer changes to the supply chain model of fish catches. The proposed changes to the supply chain model are expected to have a considerable impact on fishermen's welfare and their desire to retain their profession. A problem raised in the research is how policy of each local government can overcome the decreasing number of traditional fishermen and implement government regulation into the necessary and applicable areas. Another problem that needs solution from the local government, is the role and impact of bakulan at local fish auctions.

Bakulan, is someone, or a team of people and are divided two types. Firstly, those who only buy the fish catches with a low price at fish auctions. Secondly, those who lend funds to fishermen as their capital for sailing but then they have to sell their catches to Bakulan. The Bakulan will then only pay a low price for their catches', and on sell them at a higher price. The money lent also is required to be paid back, with interest. Bakulan is a legal profession but they are registered or the subject of regulation, for example the Cilacap local government does not prohibit Bakulan in Cilacap. This local government only has regulation about the cooperative and the place of fish auction.

Literature Review

Strategy to Empower and Competitiveness the Traditional Fishermen

The competitiveness of traditional fishing businesses' in Indonesia are increasingly threatened by sustainability issues due to fishermen lag, infrastructure weakness, rampant fish theft, weather factors, lack of technology for fishing equipment, import flow, the absence of a fishery logistics system that supplies fish as raw materials for a sustainable fish processing industry, and government policies that have not been appropriately targeted at traditional fishermen. Additional obstacles affecting traditional fisherman are owning the necessary capital, and high oil costs. Addressing the issue of traditional fisherman competitiveness requires comprehensive governmental policies, so that traditional fishermen can have a strategic role as a provider of protein food (Kompas.com, 10 April 2012).

In 2011, the government rolled out marine and fishery industrialization policies that focused on the downstream industry. During the period of 2010-2014, the government provided an aid program of 1,000 fishing vessels with a weight of 30 tons. This program was assessed by the Head of Multipurpose Business Cooperative, Ahmad Muttaqin, who considered it to be ineffective because after the vessels were received the fishermen needed to cover the significant costs of repair and maintenance. The National Medium Term Development Plan (RPJMN) 2015-2019 has some weaknesses according to the Chairman of Indonesian Traditional Fishermen Association (KNTI) Riza Damanik, who said that the provision of venture capital up to 10% is only creating increased production and does not strengthen the value add of fishery products.

Supply Chain System- Exploration Management Accounting.

A supply chain system is different from traditional methods. It began to be known, and evolved as raw material purchasing system and logistic practices, from the mid 1960's until the 1990s. The development of the supply chain system becomes integral to the enhancement of the added value of the production process (Carter and Price, 1993; Dale et al. 1994; Womack and Jones, 1994; Chen and Paulraj, 2004). Appropriate Dynamic Industry theory (Industrial Dynamics), which was started by forestry workers, provides antecedence on distribution and logistics costing approach (Heckert and Miner, 1940; Lewis 1956; Godinho & De, 2018).

Consumers of fish catches can be divided into two primary groups namely, the final consumer groups (households and culinary service business owners) and fish processing industry groups. The quality of the supply chain requires an integrated system so that fish catches are kept without the use of harmful preservatives. The effect of the policies of central and local governments that affect the supply chain system of fish raw materials to traditional fishermen, are important and need to be revealed in this research. Fishermen using large vessels and have a storage warehouse with a freezer system are able to accommodate an amount of fish that is greater than two ton. While traditional fishermen should carefully consider the decision to rent storage warehouses with freezer systems as the rental price are not going to be comparable with the prices for their catch. Traditional fishermen struggle to increase their competitiveness with fishermen who use large vessels.

Research Methodology

This research uses Karl Marx's critical theory paradigm (1818-1883) to answer all problems related to local government strategies that has been implemented to improve the competitiveness of traditional fishermen in the coastal areas of Java Island. The use of this paradigm is intended to assert an ontology based on historical realism that Indonesia is known as maritime nation with the strength of tough fishermen. Transactional epistemology and a dialogical and dialectical methodology are used. The sociology of K. Marx's critical thinking on historical materialism is in accordance with the context of traditional fishermen problems: [1] Social circumstance may create social consciousness, [2] General law of social development, [3] Class and class struggle, [4] Role of mass and leader in history.

This study aims to find out the cause of the decrease in the number of traditional fishermen as stated in the data submitted by Central Bureau of Statistics (CBS) in the Press Release of the Ministry of Maritime Affairs and Fisheries on November 13th, 2015. Critical paradigm can be used to find out internal and external elements that will lead to the change in previously

known elements through certain processes,² such as local government support for fishermen so they can sustain their life as fishermen; supply chain strategy of traditional fishermen catches; and transformational processes in the social order of a traditional fisherman. Fishermen transformations can be caused by the demand for a better life. This is because traditional fishermen live very close to the poverty line.³ Lifestyle changes and technological developments can be factors that cause the transformation.

Data was collected by an in-depth interview method, document observation, participatory observations and triangulation. Some key informants of traditional fishermen in the Southern Coast of Java Island [Pangandaran, Pandeglang, Gunung Kidul, and Cilacap] were interviewed, the Head of Fisheries Department, the Ministry of Marine Affairs and Fisheries at district level, middlemen, administrators of fish auction houses, and family members of traditional fishermen. The results of this study are expected to provide an answer on strategies that can be used by both central and regional governments to strengthen the competitiveness of traditional fishermen.

Results

According to some literatures, fishermen are characterized by poverty, low-education, slum neighborhoods, and low health levels. The reality of traditional fishermen lives in the southern coastal areas of Java Island (such as Cilacap and Gunung Kidul) are not like the conditions mentioned by such literatures. Traditional fishermen in Gunung Kidul and Cilacap hope to have livable houses and for their children can go to university. However, some traditional fishermen are forced to hire their children who are still in elementary or junior high school to work as the Ship Crew. The lack of ship crew becomes a reason why fishermen bring their underage son to go to work on the sea. These conditions are much different from the experiences of fishermen in the Pangandaran and Pandeglang areas who live in slum neighborhoods, experience a lack of clean water, have bad sanitation, and low education levels of children. Although they have a poor neighborhood condition and environmental concerns, and are motivated to improve the children's education levels, these traditional fishermen communities are different in their outlook, they have a similar perspective on social life and fish catches: "Fortune has been provided by the Almighty God in the Sea". Traditional fishermen are obliged to maintain the sustainability of fish catches that are provided by the universe. Engine or not, human ability, weather conditions, storage methods and fishing locations determine the quantity and quality of fish catches. The quantity and quality of traditional fishermen's fish catches affects the selling price at Fish Auction Places (FAP) or Village Unit Cooperatives (VUC). According to the researchers'

observations, traditional fishermen are reprehensive of a series of social constructions that are formed as the consequence of local government policy.

FAP and VUC are the suppliers for consumers. Some fishermen are reluctant to sell their fish catches to FAP or VUC, they prefer to sell their fish catches to middlemen. Their reasoning is that middlemen have loaned money for the fisherman to buy supplies. Fishermen are aware that they will then be dependent on Middlemen; this is a focus that needs to be criticized here.

Figure 1. Local Government Strategy in Managing the Supply Chain of Traditional Fishermen Fish Catches

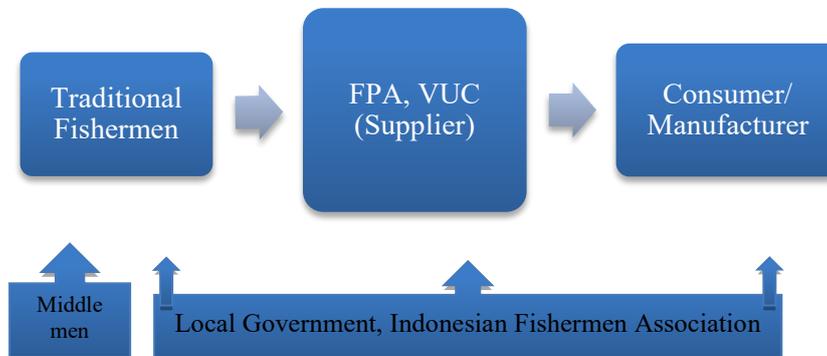


Figure 1 explains that middlemen are illegal individual suppliers for FAP organizations and Fisheries Departments in each District because the Middlemen can directly sell fish catches to the fish processing industry or household consumers. If a FAP administrator is not actively buying the fish catches, then fishermen production recorded in each district will consistently decrease. Local governments worry about the conspiracy of middlemen that buys the fish catches on a massive scale. Fishermen's production in each district will have an impact on the performance of legal FAP or VUC organizations. Economic condition of traditional fishermen make them closer to middlemen so their social awareness is only focused on getting money quickly to meet their needs of life. According to Marx's critical thinking, the condition of fishermen's social awareness is affected by their geographical condition and production method (Darsono, 2007; Goral & Akgoz, 2017). Middlemen as illegal individual suppliers know the fishermen's financial condition.

Discussion

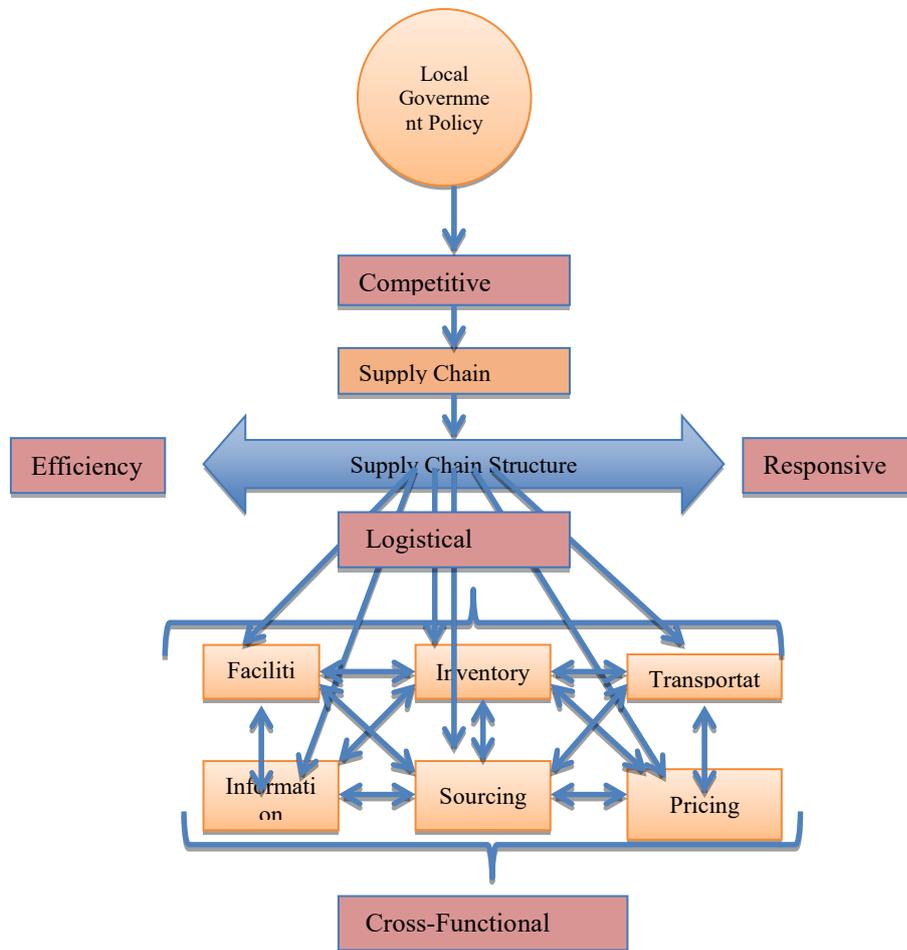
As a human, fishermen are only considered as tools to meet other humans' satisfaction, such as middlemen, FAC/VUC, and local government. Fishermen are the satisfier of needs but have the lowest class in the social structure in an area that has abundant fish resources. Demand to change their state in the social structure means some traditional fishermen are looking for other jobs such as construction worker, sea tour guide, or resort to migration to find work. Meanwhile, the number of fishermen in Cilacap is still quite high, with the average age of fishermen being over 45 years old. Another problem faced by local governments is that the number of fishermen in Cilacap is high but the production amount of the Cilacap District is lower than other regions. The purchase price of fish catches in Cilacap are lower than Pangandaran and Pandeglang, so Cilacap fishermen sell their fish catches to FAPs in Pangandaran and Pandeglang. People in the lowest class cannot become the ruler simply by saving their salary or wage, they must maximize the methods to make profit of the production process (Schumpeter, p 21, 2013)

Mr. Saeful Purnamaji, the Head of Fisheries Department in Cilacap District explained that: "Fishermen cannot only rely on the work area in Cilacap because it is already full. However, it is not overfishing yet. Now, our problem this time is that the number of fishermen is high while their production is low." (Manuscript 01, Interview March 6, 2017).

Local government, as the highest class in the social structure of a fisherman's community, try to make FAP/VUC organizations as the main actor in the fish supply chain. The local government's role in managing the supply chain of fish catches can greatly affect the welfare of traditional fishermen in Southern Coast of Java Island. Fish catches that can be supplied by suppliers (FAP and VUC) depend on a competitive strategy (competitive fishermen production) and supply chain strategy (supply chain strategy of fishermen fish catches). The researchers adopt and develop the illustration of a supply chain decision-making framework (Chopra & Meindl, p 58. 2016).

How FAP or VUC can fulfill the fish needs of consumers in accordance with: best product quality standard, availability of fish supply according to demand, time of delivery from FAP to processing industry or fish market, and fish price, all require the action and commitment of local governments (see figure 2). Local government has a role in designing a competitive strategy and supply chain strategy of fish catches through using efficient methods and appropriately responding to the changes in the supply chain. Efficient and responsive supporting structures of supply chain of fish catches may arise from the availability of facilities, sufficient inventory, transportation, information, resources, and pricing.

Figure 2. Construction of Supply Chain Strategy of Traditional Fisherman’s Fish Catches



Facilities may affect the cost incurred by supplier and support supply chain efficiency (Chopra & Meindl, p 59. 2016). Facilities also affect fish catches in terms of time efficiency to maintain product quantity and quality. Local governments set up fish auction houses on the sides of docks which are comfortable and have a feasible condition. The development of facilities in accordance with the needs of [hardware and software] has been performed by local government, but the maintenance and treatment of the sustainability of such facilities require the cooperation and the spirit of community self-reliance. Comprehensive assistance to fishermen, FAP or VUC organizations, Indonesian Fishermen Association, and the processing industry is an effective way to maintain and develop the facilities of fish auction houses, boats, and docks.

Inventory may affect the number of owned assets, storage costs, the ability to respond to demand and the ability to offer goods according to the needs of supply chain strategy (Chopra & Meindl, p 61. 2016). The processing industry or consumers can control quantity and quality of fisherman production. FAP/VUC organization realize that the fish production

market determines the selling price of fish. Capital owners and public consumption interest for certain type of fish have not been able to result in a reasonable sale price of fish. The boat type determines the available fishing areas so it impacts on the type of fish obtained by fishermen. Fish pricing will be reasonable or fair if the sale price can accommodate the operating cost of fishermen, fish quality, the number of fish available in the sea, difficulty in obtaining the type of fish, fish flavor when processed into main menu or supporting menu, and the price of similar fish.

According to Karl Marks (Darsono, 2007) local government actions have target and priority scale requirements. In relation to the actions of local governments, they are targeted to manage the supply chain of catch fish, so as to increase local fish production, improve prosperity and make fishermen feel proud of their profession. The priority scale of local government exists in managing the organization policies of fish auction houses through managing facility, inventory, price, information technology, catching area and transportation. Local government policy in setting priority scale to reach the target needs appropriate standards as requirements.

Conclusion

The supply chain strategy of fish catches requires the implementation of local government policy to positively benefit fishermen welfare, fish production, local revenues, and fishermen convenience. FAP or VUC organizations are the supplier of fish production in an area, additionally FAP/VUC also become the supplier that is always supervised by their leader and local government. The local government, as the highest class in a fisherman's community, design the empowerments of fishermen, FAP/VUC, and the processing industry. Local government are expected to design a fair price index for fish prices.

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