Financing and marketing partnership of the marine fisheries business in Merauke, Papua

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Abstract. Fishing business is an economic-based activities for profit goal. In fact, it continuously faces uncertainty conditions that affect the sustainability of fishing activities. Partnership would be the one of the fishers’ strategies to encounter those uncertainties. This research aims to analyze partnership models, rules and interaction models among institutions as well as to develop partnership strategy in capture fisheries in Merauke District, Merauke Regency. Method of the research are qualitative and descriptive approach. The results show that partnership institutional models of fishing business in Merauke District are: general trade partnership models, marketing contract models, and cooperation models of investment and operational fishing business.

1. Introduction
Capture fisheries are the backbone of the economy for fishing communities in Merauke Regency. So that this business has a very important and strategic role, both micro and macro for the economic growth of Merauke Regency. Not optimal utilization of fisheries resources, because fisheries business is still dominated by small-scale businesses with various obstacles faced regarding aspects of capital, institutions and management, technology, and information. In addition, the lack of facilities and infrastructure that can support productivity of catches and the lack of public knowledge about partnership and market information that is not good, this of course becomes an obstacle in the economic growth of the community.

Capture fisheries business activities cannot be separated from collaborative activities among stakeholders in the context of business efficiency to facilitate the production process that has a long business chain. The capture fisheries business as a whole is carried out starting from pre-production, namely logistics preparation activities, fuel oil (BBM), clean water to the preparation of boat / engine engines, production activities which include fishing activities. Post-production activities that include fish handling activities, processing and marketing / distributing production and up to fish consumed by humans as food.

Development of business partnerships and empowerment of fishing communities is one of the strategic policies that can be taken to ensure the sustainability of businesses and jobs in the fisheries sector. These efforts can also support the broader economic and social improvement of fishing communities, release the
dependence of fishermen on traditional capital institutions, as well as the means to achieve more just and sustainable development [4]. Business partnerships aim to increase income, business continuity, quantity of production, quality of production, improve the quality of partner groups, increase business in order to grow and improve the business capabilities of independent partner groups [5].

The partnership patterns that develop in the marine and fisheries community are traditional partnership patterns and market partnerships [3, 6], plasma core partnerships [7]. Most micro and small businesses have established partnerships in the supply of raw materials / merchandise and marketing [8]. An effective partnership model to improve the welfare of the seaweed farming community, namely cooperation between farmers and farmers, farmers with capital owners, and farmers with collectors [9].

Partnerships between groups of fishermen and the government and companies that manage fish are still limited. The partnership between fishing companies and small fishermen is expected to increase the value of the farmer for fisheries. In the agricultural sector the partnership is considered as one of the most prospective approaches to raise the economy of the intended farmer. It is assumed that with these partnerships small farmers can be screened to get a greater share of added value from a business [10]. This paper aims to provide an overview of the capture fisheries business partnership pattern in Merauke, the partnership inhibiting factors and the development strategy of capture fisheries business partnerships.

2. Materials and Methods

2.1. Research approach

This research was conducted from April to May 2019. The research location was in Merauke Subdistrict, Merauke Regency. The research used a qualitative approach. Qualitative research is a study aimed at describing and analyzing phenomena, events, social activities attitudes, beliefs, perceptions, and thoughts of individuals individually or in groups. In this approach, the researcher emphasizes the nature of reality that is socially awakened, the close relationship between the researcher and the subject under study [11].

2.2. Types and sources of data

This research was explored from various types and data sources for data accuracy. The type of data in this study are primary and secondary data. a. Primary data is data obtained by researchers directly from the original source, namely informants. Data is obtained without going through an intermediary. Primary data sources are important to obtain a number of information needed and related to research. b. Secondary data is data data in the form that has been prepared through publications or information issued by the institution. Secondary data is needed to support primary data. The source of this data is any document related to this research.

2.3. Data collection techniques

Techniques in this study are: 1) Interviews are an interaction activity or conversation that has a specific purpose [3]. The interview technique used in qualitative research is in-depth interviews. The researcher will conduct direct interviews with parties involved in capture fisheries in building partnerships, namely fishermen and capital owners, financing and marketing institutions for fishery products. 2). Observation; Techniques need to be carried out by researchers both directly and indirectly. Observation can produce some information about location, actor, event, and time. In this study, researchers used a form of participatory observation. Observation of participation is a method of collecting data used to collect research data through observation and sensing where researchers are truly involved in the daily lives of respondents in the field.
3. Results and Discussion

3.1. Characteristics of capture fisheries in Merauke

Capture fisheries activities in Merauke Regency are marine fisheries activities carried out using motorized vessels up to more than 100 gross tonnage (GT) and outboard motor boat types (PMT). The number reaches 351 units measuring 0 -> 100 GT. These fishing vessels belong to fishermen and companies in Merauke District. Table 1 shows that the number of motorized boats still dominates fishing vessels in Merauke Regency, which in 2015 amounted to 558 units, followed by 400 units of outboard motor boats, 10-30 GT motorboats 123 units and Motorboats <10 GT 90 units. The condition of the number of vessels shows that fishermen in Merauke Regency are still dominated by traditional fishermen while motor boats with a number of> 50 GT are owned by fishing companies operating in the waters of Merauke Regency.

| No. | Fleet          | Total (units) |
|-----|----------------|---------------|
| 1   | Motorless Boat | 558           |
| 2   | Outboard Motor | 400           |
| 3   | KM 0 - 10 GT   | 90            |
| 4   | KM 10 -30 GT   | 123           |
| 5   | KM 30 -50 GT   | 19            |
| 6   | KM 50 -100 GT  | 14            |
| 7   | KM> 100 GT     | 88            |
|     | Total          | 1,292         |

Source: Merauke Marine and Fisheries Service, 2015

Fishing gear used by fishermen in Merauke Regency is dominated by drifting gill nets with various sizes of webs. The main fishing gear used by ships that rely on Merauke fishing ports is gill net, oceanic gill nets, and squid fishing rods.

Table 2. Number of Fishing Equipment in Merauke District

| No | Fishing gear    | Quantity (units) |
|----|-----------------|------------------|
| 1  | Drifting gill nets | 19418            |
| 2  | Gill nets Fixed  | 9408             |
| 3  | Coastal trawl    | 452              |
| 4  | Shrimp trawl     | 9                |
| 5  | Fish trawl       | 71               |
| 6  | Serok            | 1053             |
| 7  | Fishing          | 5513             |
| 8  | Bubu             | 0289             |
| 9  | J ala            | 750              |
| 10 | Net Tramell      | 1260             |
|    | Total            | 38,223           |

Source: Merauke Marine and Fisheries Service, 2015
Location of fishing landed in Merauke Regency originates from WPP 718 including Arafuru, Aru Sea, Wanam Waters, and Papua Strait. For fishing fleets of less than 1 GT size, fishing trips are usually carried out on one day fishing. The fishing fleet above 30 GT which is usually a fisherman from outside Merauke in one fishing trip can reach 3 months. Merauke fishermen with a fleet size of 5-10 GT usually catch fish 2-5 days in one fishing trip. In the fish season, fishermen with a fleet size of 5 GT can on average get 200 kg of fish production per trip obtained from fishing areas with a distance of 2-10 miles from the coastline. Fish catches such as snapper are generally taken maw fish, while the fish meat is processed into salted fish, because in general fishermen do not carry ice. Fresh fish is usually only brought home when it comes back to the fish landing.

3.2. The partnership pattern in financing and marketing of fishing results
Partnerships are established because of the shared needs of business actors [13]. The form of activities in partnership is a consideration in determining the partnership pattern that is ongoing. The partnership pattern is site-specific [14]. This partnership pattern generally must have 8 elements [15] include: 1) inputs (resources), namely material, money, human, information, and knowledge are things that are obtained from the environment and will have a contribution to the production of output; 2) Output, such as products and services are the results of a group or organization; 3) Technology, methods, and processes in transforming inputs into output. This is an element that plays a role in supporting the establishment of partnerships smoothly; 4) Environment, which is the situation around partner groups and partner companies that can influence the course of the partnership; 5) Desires, namely the strategies, objectives, plans of the decision makers who come from all parties in partnership; 6) Behaviors and processes, namely behavior patterns, relationships between groups or organizations in the partnership process; 7) Culture, namely norms, beliefs, and values in partner groups and partner companies; 8) Structure, namely the relationship between individuals, groups, and larger units.

Based on the results of the research on the financing and marketing of fishing products in Merauke Regency, there are several types of partnership patterns that have been established, including:

3.2.1. Operational partnership. Partnership pattern intertwined between fishermen and owners of capital, often called patron-client. Patron-client relations were established between middlemen who had large capital and trade control with small fishermen [16]. The form of partnership starts from the element of input procurement to the marketing process. The element of procurement of inputs given by the owners of capital is the provision of financing for vessel investment capital, fishing equipment facilities and infrastructure, and operational financing of arrests. The element output is the production of fish and bubble fish produced by fishermen and accommodated by traders as partners. The basis for consideration in operational partnerships is that fishermen get their rights to get input (fishing facilities and infrastructure), capital in the form of operational costs and market guarantees from capital owners. Whereas the obligation is to provide labor and sell catches to collectors [14].

| Table 3. Obligations of fishermen and Owners of capital in partnering in Merauke District |
|-----------------------------------------------|
| Fishermen liabilities | Owners of capital |
| ▪ Provides Labor | ▪ Provides costs, capital and management |
| ▪ sells the catch to traders | ▪ Holding of infrastructure catching |
| | ▪ As market guarantor |

Cooperation between fishermen and capital owners is basically based on traditional partnership patterns. It is said traditionally because the partnership formed takes place without a written agreement
before starting. Matters related to the rules of play in partnership are agreed upon only by using the principle of mutual trust. Although said traditionally, each partner has obligations that must be fulfilled. The element of trust in partnering will generally be difficult to violate by fishermen. With this pattern fishermen will be relatively difficult to be independent because in principle, traders will try not to give space to fishermen to have personal input [14]. In Merauke Regency, the partnership between fishermen and traders is on average quite long, but not always permanent. Fishermen can move partners, according to the rules of the game agreed upon between fishermen and partner capital owners. There is agreement between fellow capital owners if the partner fishermen want to move new partners, then the new partners must pay all fishermen's debts to the old partners who finance the input.

![Operational partnership](image)

**Figure 1. Operational partnership**

### 3.2.2. General trade partnership

Pattern this general trade partnership is established between fishermen and collecting traders, traders of fishing facilities and infrastructure. This pattern is simpler than the operational partnership pattern. The general trading partnership pattern has a freer relationship because fishermen do not have debt ties with the collecting traders. Fishermen have a bargaining position in determining the price of fish and bubble fish to be sold to their partner traders. Fishermen can choose traders who buy the highest prices.

| Table 4. Obligations of fishermen and traders in partnering in Merauke District |
|---------------------------------|---------------------------------|
| Fishermen liabilities          | Liabilities traders             |
| - Sell the catch to middlemen  | - Market fish and maw fish to wholesalers partners |
|                                 | - Guaranteeing price of fish and fish bubble is traded |
|                                 | - Define the quality             |

To obtain input, fishermen who have enough capital buy them directly at input shops in the nearest location. For fishermen who do not have enough capital, they buy inputs at large customers' stores where payments are made after fishermen return from fishing, but input prices are higher than if fishermen buy in cash. The principle of trust also applies to the partnership of fishermen with input shops. The rules of the game that apply are fishermen having to pay input debts to the store when the fishermen return from fishing. If fishermen cannot pay fully, fishermen cannot take input at the store again.

Of the two patterns, fishermen prefer the operational partnership pattern. There are several reasons for fishermen to choose the partnership pattern, among others: market certainty, price certainty, ease of obtaining financing both for operations and other input capital. While if the pattern of general trade, fishermen have a high bargaining position but there is no market guarantee.
3.3. Constraints in the partnership process

The results of this study indicate that the factors that become obstacles in the process of partnership between fishermen and traders from the technical, economic and social aspects include: 1) Continuity of unsustainable products; 2) Price of production inputs is expensive; 3) Lack of commitment / trust between partners; 4) There is no written contract; 5) Institution of fishermen is still weak. While the dominant factors that influence partnership relationships are commitment and trust [9]. Furthermore the factors that influence partnerships include: communication, cooperation, trust, commitment, interdependence, and value relationships [10]. Success of business partnerships is determined by the existence of compliance among the partners in carrying out their business ethics [11].

3.4. Partnership development strategy

In the context of the sustainability of capture fisheries in Merauke, a partnership development strategy in financing and marketing of fisheries products is needed, among others:

1) Strengthening the fishermen institutions Group

Institutions are a place for fishermen to obtain various information about fisheries, information technology, markets and prices and business partnerships. Currently the institutional groups of fishermen are formed only to get government assistance in the form of ships and fishing gear. For this reason, it is necessary to strengthen group institutions through guidance and counseling from relevant agencies to groups of fishermen.

2) Institutional strengthening of cooperatives

In Merauke district there are already cooperative institutions and already have legal entities. However, its role and function have not provided significant benefits to the business of fishermen as members of cooperatives both in financing in the form of capital loans and operational financing of fishing. This is due to the lack of human resources in running cooperatives. Strengthening cooperative institutions is expected to run professionally, can access financing to banks and partner with companies or exporters to market fishery products.

3) Development of partnerships with micro finance institutions

Micro finance institutions that are able to reach fishing communities need to be developed, given the availability of funding or capital is one of the accelerators for the sustainability of fisheries businesses. Micro finance institutions are expected to facilitate access, loan procedures, do not require collateral that burdens fishermen.

4. Conclusion

Partnerships in fisheries business activities are needed in the context of business efficiency and facilitating the production and marketing process. There are two partnership patterns in Merauke District, namely operational partnership patterns and general trade patterns. The operational partnership pattern is established between fishermen and capital owners. While the general trading pattern is established between fishermen and collecting traders. Each pattern has strengths and weaknesses.
The inhibiting factors in the partnership process in Merauke District include continuous product continuity; expensive production input prices; lack of commitment / trust between partners; there is no contract in writing; and fishermen institutions are still weak.

Strategies for developing partnerships in the context of the sustainability of capture fisheries in Merauke, among others: 1) Strengthening institutional fishing groups; 2) Institutional strengthening of cooperatives 3) Development of partnerships with micro financing institutions.

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