Supply chain in the scapegoat of price fluctuation beef

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Abstract. The supply chain is a scapegoat for the fluctuation price of beef. This research was intended to find out whether the supply chain triggers the main increase of beef prices as assumed by various parties. This qualitative descriptive study found that there were three supply chain pathways with the shortest chain that was a producer to consumer. The longest chain were suppliers, producers, consumers, and two intermediaries (blantik and retailer). Long and short of supply chain did not impact on selling prices to consumers and only affected the number of producer profits. Fluctuations in beef prices should not be based on the supply chain because the supply chain is a bridge at the limitations of the parties in the supply chain. There are other determinants that can be the focus of solutions for controlling beef prices.

1. Introduction

The imbalance between production and high demand has an impact on import policies that reap the pros and cons, which are also filled by consumer complaints of expensiveness and producer losses. This causes beef prices becoming a trending topic of discussion. Import policies that are expected to reduce the increase in meat prices do not have an impact on changes in local meat prices, but continue to experience price spikes in certain conditions. Various opinions and media assume that the supply chain or the length of the distribution chain is the cause of the increase in local Indonesian beef prices.

The long-chain is always seen as a cost driver, but not as a link to the various limitations possessed by each actor in the chain. From the marketing side, distribution channels are formed to reach a wider market or reach more consumers and in terms of operational management. The supply chain is a strategy to have an opportunity to reduce costs. Supply chains can be formed based on internal conditions of the organization and some are formed naturally based on environmental conditions.

Currently, One of the Indonesian government focuses is how to cut the distribution of food chain needs to be more efficient. This is done as an effort by the government to maintain the availability and stability of food prices to remain affordable [1].

Cutting the distribution chain whether the right solution in pressing the price of beef. This research aims to find out whether the supply chain is the main trigger for beef prices.
2. Methodology
This descriptive qualitative research approach used selected informants purposively from Farmers in 6 districts of livestock production centers and Slaughterers / Butchers in Merauke district. With triangulation techniques, the data collected were analyzed to answer the purpose of this study.

3. Results and discussions
Merauke is a potential region in the beef cattle breeding industry and also as a provider of beef to meet the meat needs of several regions in Papua and West Papua. Production capability and market demand have formed beef supply chains based on environmental conditions, shown in Figure 1 with the supply chain channel in Figure 2.

Figure 1. Beef Supply Chain

Figure 2 shows that there are three supply chain lines with two chain chains in each channel namely: The first line is the Producer Line, 1 Intermediary and Consumer with a chain 1) Producer-Consumer and chain 2) Producer-Retailer-Consumer. The second line is Suppliers, Producers, 1 Intermediary and Consumers with a chain of chains 1) Suppliers-Producers-Consumers and chains 2) Suppliers-Producers-Retailers-Consumers. The third line is the longest path, namely Suppliers, Producers, 2
Intermediaries and Consumers with a chain of chains 1). Suppliers-Manufacturers-Retailers-consumers and chains 2). Suppliers-Beauticians-Manufacturers-Retailers-Consumers. This supply chain also illustrates that there are four the roles are Suppliers, Producers, Intermediaries, and Consumers.

3.1. Cutting the supply chain is not a solution.
Talking about supply chains or long distribution channels, preventive action by cutting the supply chain to be more efficient then it is an ineffective and unnecessary action because it already exists a very short and efficient distribution chain that is Producer-Consumer. However, this short-chain cannot be the main alternative of the distribution channel due to the limitations of the parties in the supply chain.

In the first line, it can be considered as the Ideal Path where Cattle Breeders act as Producers. Farmers raised cattle, slaughter and sell, this type of cattle breeders had a very small percentage of the total cattle ranchers. Also, on average cattle ranchers, farmers who made cattle business a side job among their main jobs as farmers with extensive maintenance patterns were more dominant, in this case, many cattle farmers have limitations to act as producers and only act as suppliers. These limitations provide opportunities for the formation of slaughterers / Butchers who act as producers, by carrying out activities, buying cattle from breeders or supplying cattle from breeders/suppliers, cutting and selling. Because of the wide area and distribution of farmers or many sources of supply with low quantities of production at each supplier, Blantik is formed which acts as an intermediary for Farmers with slaughterers/butchers or intermediaries between suppliers and producers. The intermediary between producers and consumers or retailers was formed due to the limitations of producers regarding storage warehouses and the choice for rapid capital turnover so that it made a policy of not storing meat for a long time after cutting, where producers tried to sell as soon as possible after cutting either directly to consumers or through retailers This illustrates that cutting off the supply chain is not a solution. Wherefrom the marketing side said this channel serves to move goods from producers to consumers [2] and from the operational management side of the supply chain includes all facilities, functions, and activities involved in producing and delivering a product or service, from suppliers to customers [3].

3.2. The length of the supply chain has no impact on the selling price of beef
As shown in Figure 1, the costs incurred by producers on each supply line are different. The first line consists of cattle prices, transportation, slaughter permit services, and slaughter fees. Producers on this line did not have cutting permits because producers in this line did not cutting periodically so that producers felt unnecessary to have a cutting permit. The permit has a validity period that must continue to be extended and choose to pay the cutting permit services to the official slaughterer as a holder of a cutting permit. So, that the withholding data in the RPH is not recorded by the name of the producer in this path but by the name of the slaughterhouse. Likewise, the cost of retribution is the cost incurred by the producer even though with the same mechanism as the cost of cutting permit services. Cattle prices, transportation costs and retribution fees and in the Third Path costs incurred were the price of cattle, transportation costs, inauguration services, and retribution fees. The price of cattle for the district of Merauke has not been guided by the price of living weight as some regions in Indonesia and there are no related regional regulations it is so that it is still based on the bargaining power of suppliers and producers. Producers in the first line calculated cow prices based on producer prices in the other two lanes, Butcher of line 1 and 2 bought cows with an estimated of cow body weight and kilograms of meat produced. Farmers sold cattle based on the needs and conditions of the cattle, based on needs, the urgent need is the price of beef will be cheaper just as if certain conditions occur that require the cow to be slaughtered immediately (eg leg defects due to accidents), otherwise if not in conditions of urgency and conditions that lead to increased demand (feast days) then the price of cattle will be more expensive. The price of cattle was also influenced by the distance of cattle farms with the district of Merauke.
although not because of cuts for the benefit of ASUH meat then it is centered on the RPH. in the district of Merauke, there is only one RPH owned by the local government, even the price difference is not too far away. This results in varied beef prices. The transportation costs needed to be were from the location of livestock to the lowest RPH IDR 250,000 and the highest cost was IDR 1,000,000 for areas that can be reached by land transportation (vehicles) and based on the distance traveled. The benefits of inauguration for each cow were in the range of IDR 300,000 - IDR 500,000.

The biggest advantage of Butcher as a Manufacturer lied in the sale of innards, bones, and skins because the sale of meat was intended to cover operational costs, namely the purchase of cattle, transportation, retribution slaughter, and labor. In the case of purchasing cattle, the need to predict beef weight greatly had impacts the benefits received. Quality of meat-based on the area of maintenance becomes a factor in consideration where the butchers based on their work experience are on average a continuation of the parents’ business and have long struggled in this field. So, they understand the quality and weight of the meat-based on their region lead the purchasing at the place of origin to become an alternative to avoid purchasing cattle that have been transported. Farmers who acted as producers began to lead to semi-intensive maintenance but did not yet have data that was well ordered so it was also difficult to say the nominal returns. But, recognition of cattleman on satisfaction and desire claimed that cattle farming is a promising business and able to meet the needs. It can be can conclude that Farmers who act as producers have very promising advantages. Therefore, producers on Line one do not experience losses. Producers on Line 2 and 3, in this case, are slaughterers that still have profits even with different rates based on costs incurred.

Based on the varying prices and costs, the producers in determining the selling price are not based on the high or low costs incurred. It is because the average cost today may be different from the costs incurred on the previous day or the day after that will have an impact on the number of sales and consumer acceptance. However, the average price of cattle will last for several years before there is an increase and despite the price hike on religious holidays, it will return to normal prices. Child consumers pay the same cost for purchasing beef from producers or beef at retailers, this is because producers sell beef prices to retailers below the selling price to consumers, and retailers sell to consumers at the same price or at competitive prices with producers. There are different supply chain channels but they only have an impact on the profits received by producers and have no impact on the price of meat on consumers. Beef prices on consumers are more influenced by cattle prices on Beekeepers. Each producer has different production costs but sells at the same price so that the profits of each producer vary depending on the path traveled. To achieve maximum profit, the producer will try to avoid the long distribution path although it must be recognized that in certain situations the long path is the best alternative. Looking at the expensiveness of meat price by consumers, it is a contrast to the minimum profits achieved by producers so that it can be said that the current price of meat is a fair price-fixing in meeting the demand for meat and economic benefits for each actor in the supply chain channel. Unless there is a stipulation Beef price based on calculating the cost of producing beef itself and for areas with extensive maintenance patterns. Also, data that are not recorded operational costs will burden to determine beef prices.

3.3. Impacts of other factors on beef prices
Import policy is intended to stabilize prices and does not have an impact on falling prices of beef, that is caused by imported meat not yet reaching the market massively, so the best option is cooperation. Cooperation between local meat distributors mediated by the government [4]. On the other hand, Secretary-General of the Indonesian Cattle and Buffalo Farmers Association (PPSKI), Rochadi Tawaf stated that even though the good import objective was to provide an alternative to fresh beef, it made farmers reluctant to release their cattle because the price of live cattle in farmers has fallen [5].
Although, this imported meat did not touch the cattle trade process in Merauke district which had been able to meet demand in the area of Merauke and required markets outside the district of Merauke, but had an impact on the perspective and behavior of suppliers by raising beef prices or holding livestock sales so that the bargaining power increases as well as producers of domestic cattle prices have experienced price increases. Thus, even prices from suppliers are still at the previous prices, producers will increase cattle selling prices even though the district of Merauke is still at the national average price or for a certain area amount of income is still relatively cheap. This is in line with the opinion that the market is inefficient. The price formation that occurs is not only caused by market mechanisms but also influenced by groups who have the power to determine prices [6]. Traditional patterns of maintenance and transportation systems had an impact on the ability of Merauke district producers to meet domestic needs, and this also occurred in livestock centers in various parts of the country that had the same conditions. According to the Head of the Thomas Sembiring Beef Importers Association, most meat needs can actually be supplied from the local supply, but the production costs on local farms are high because their maintenance systems are small-scale. Professor of Bogor Agricultural University Dwi Andreas added that upstream sector must be addressed in the cattlemen. The government must really fully support the cattlemen of the people so that the cow population is increasing. If the population increases, automatically the possibility of prices can be depressed downward [7]. Control of productive livestock, reproductive technology, simple technology development, incentive maintenance systems and livestock integration are other efforts to increase beef production [8]. Thus, the beef supply chain is not a major factor in determining beef prices, but there are also other factors

4. Conclusion
This research concludes that 1). The supply chain is an alternative to connect and to deliver products to consumers which even there is the shortest path, it cannot eliminate the longest path because it is based on the needs of the parties in the supply chain. 2). Supply Chain Length only affects the level of profit obtained by producers and does not affect beef price increases. 3). There are other determinants that must be highlighted by fluctuations in beef prices including the perception of suppliers and producers of the national beef trade, the role of the government and the community in encouraging the growth of the upstream sector, and determined price by parties.

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