



The influence of barosok trading system on ethical business behavior in the husbandry sector in West Sumatera

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Abstract

Aim: The purpose of this study is to provide a detailed description of the barosok maxim and its connections to Kant's ethical theory as they pertain to the West Sumatera animal market.

Methodology: Qualitative research methods were used in this exploratory study. In the deductive approach, interviews are used to collect data, which is then analyzed using content analysis.

Findings: The model of categorical imperatives outlined in the Kantian Theory was found to be related to the central values of Barosok through research. The implementation of Kantian Theory on business ethics in the barosok tradition in West Sumatera is still being used today, even though the research also discovered an ethical conundrum among market participants.

Implications/Novelty: Ethical investigations into Indonesia's animal-trade industries can benefit from this study. In the future, researchers may examine the barosok method's ethical value in light of Indonesian legislation.

Key Words: Business Ethic, Ethical Perspective, Kantian Theory, Categorical Imperative, Maxim, Deontologist

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INTRODUCTION

Buying and selling livestock (cows, buffaloes, and goats) is not typically based on the weight in West Sumatera, Indonesia, where the Minangkabau ethnic group originates. Each buyer and seller rely on their unique forecasting abilities to set the price standard and negotiate a fair price. Therefore, trading animals in the West Sumatera marketplace can be difficult due to the need for a standard market price and the importance placed on bargaining ability. That's why actors rarely use weight score measurement. Even though 26 animal markets in West Sumatera collectively transact about 11 Million IDR (823.000 USD) or 2,000 animals per week, no weight measurement tools are used in the transactions (Madarisa 2012).

Those who want to get involved must have the ability to judge an animal's worth based on more than just its monetary value. If you're looking to make some money in the animal trade, you need to be able to assess an animal's worth (including its potential weight) and negotiate a fair price.

The worth of an animal is determined not just by its weight but also by its appearance, form, coloring, and background or story. A talent for storytelling is a great asset for any animal businessman looking to increase their value in this market. Boosting an animal's added value can raise its price and give the business owner a better return on investment. In sum, an animal's market value depends not only on the animal itself but also on the skill of the businessman, buyer, or seller.

The unusual occurrence in the West Sumatera animal trade is also altering the makeup of the various interested parties. Animal market participants serve as intermediaries between buyers and sellers and members of the group itself. A broker, or "Toke" in the local lingo, facilitates the sale of animals by connecting buyers and sellers and charging a commission on each deal. There was no prior agreement for the commission, and the Toke can gain from it either way. Azizi (2008) and Madarisa (2012) detail the following aspects of the West Sumatera animal market:

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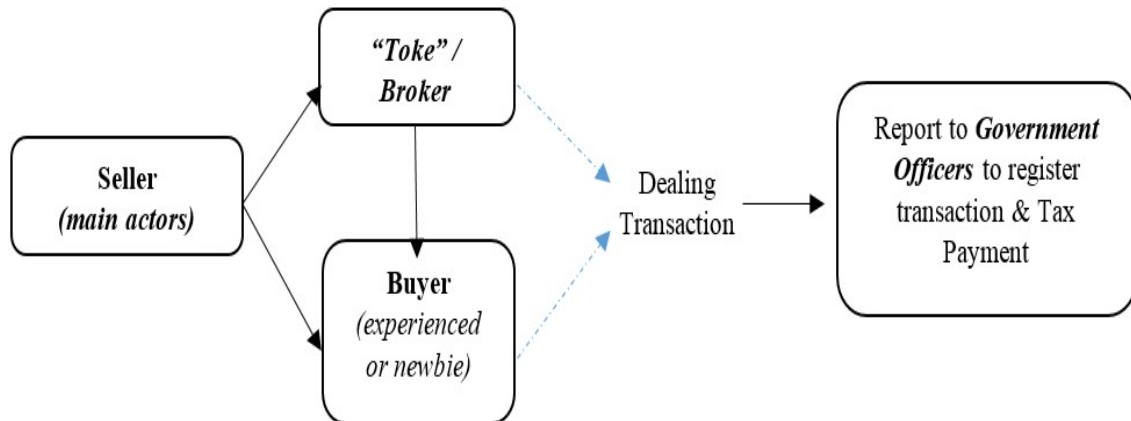


Figure 1. Market factors

Market participants in West Sumatera's animal marketplace are often in a cutthroat competitive mood due to the prevalence of Toke and the use of personal prognostication in business transactions. Different buyers may have different forecasting abilities, and the "secret price" and agreement between the seller and Toke could create intense competition.

When there are two distinct methods of exchange on the market, the competition heats up. All too frequently, business is conducted with a simple exchange of cash. Nonetheless, using credit for payments is commonplace and accepted among market participants. When a competitive market cannot produce an efficient allocation of credit, this is a market failure, according to Besley (1994). If more people start purchasing animals with credit, the market will become less competitive, and the price will rise. Because of this phenomenon, the animal markets in West Sumatera are becoming increasingly specific and intricate.

A cultural approach that is leading the community in the marketplace tends to calm the competitive atmosphere by using its traditional approach called "barosok," a transactional gesture to expose and bargain the price covertly. Barosok originated in West Sumatera's animal market community as a gesture of business transaction and has since evolved into a cultural approach emblematic of the region's thriving animal trading sector.

The exceptional occurrence of barosok may serve as an example of how Kantian Theory can be applied to business ethics. According to Dierksmeier (2010), the Kantian theory promotes ethical behavior in business. In the end, the business must work for the benefit of society, not the other way around. According to Kantian Theory, barosok is a principle of the West Sumatran animal market and a model of respect for the individual.

According to Kantian Theory, a person should carry out a particular action because it is obligatory, regardless of the outcome or the person's preferences (Bowie 1998). When determining whether or not a given action is morally justifiable, Kant (1990) proposed three different versions or maxims of the categorical imperative (Bowie 1998). In the context of the animal market in West Sumatera, this study will describe the barosok maxim and its connections to Kantian ethical theory.

Research Questions

1. How does barosok relate to the Kantian Theory of business ethics?
2. What categorical imperatives build the ethical concept in the barosok tradition?

LITERATURE REVIEW

Talking about ethic is not merely judging something good and bad in our daily activity. Ethical problem is beyond it. Ethics is a search for a good way of being for a wise course of action (Salehi, Saedinia, and Aghaei 2012). Oxford Dictionary stated that ethic is moral principles that govern a persons behavior or the conducting of an activity. Ethic is a branch of knowledge that deals with moral principle. Morf, Schumacher, and Vitell (1999)

believes that ethic is the moral principle that individuals inject into their decision making and that helps temper the last outcome to conform to the norms of their society.

Most people in the world are usually talking about ethical issues in the two major views, Utilitarianism and Deontology. Utilitarianism argues that ethical action is something that gives major goods for humanity. Making most people happy or saving more lives at a certain circumstance are two basic reason for the utilitarianism. However, there are still many debates on utilitarianism especially in justification that killing one person to save many is ethical action. For utilitarianism, analysis on something ethical must be concerned with the result of an action. The consequences of an ethical action must be giving greater good for humanity.

Other major view of ethical action is Deontology. Deontology is related to the theory of duty which indicated any actions are ethical based on the duty of each individual. Contrary to the utilitarianism, in Deontology, an ethical action is not merely about the result for the major goods, but the action must be made based on the duty of an individual. Here is where Immanuel Kant (1724-1804) proposed the popularly known main actor for the deontological view by implementing Kantian Theory of Duty (Bowie 1998). Moreover, most people justified the Deontology view as the Kantianism which refers to Immanuel Kant theory of duty. This research will be confirming more elaborative view of the Kantianism theory of duty.

Kantianism: Theory of Duty

Kant is one of the major actors strengthening the deontology views. Through his Theory of Duty, Kant argued that ethical problem is totally based on the duty of a person. For Kant, there is no good except the good will itself (Bowie 1998). Kant argued that if a seller acts honestly to build his reputation, this act is not genuinely moral. Kant stated that someone is honest if he is thinking that being honest is his duty without any other reason. This is what theory of duty explained. As the deontology, theory of duty is not talking about the consequences of the action, but it is talking about the source or the basis of an action. The duty of an individual is a categorical imperative which is explained in the theory of duty. Kant argued that the good will is coming from the basic intention to do something good without any perceived consequences in the end. This categorical imperative is becoming the basis of ethic which can decide whether an act is ethically approved.

In his Theory of Duty, Kant stated several categorical imperatives which could be the basis of assessing an act as ethical action or not. Although Kant had not specifically mentioned several imperatives, but most of the scholars and researchers focused on these three categorical imperatives (Bowie 1998):

1. Act only on maxims which you can will to be universal laws of nature.
2. Always treat the humanity in a person as an end, and never as a means merely.
3. So act as if you were a member of an ideal kingdom of ends in which you were both subject and sovereign at the same time.

In the first categorical imperative, Kant uses word maxim to explain the basic principle for individual action. Kant argued that every action has a maxim (Bowie 1998). It is ethically approved when the maxim is becoming universal law which the other person could implement for the similar things. If a maxim could not be universal law, therefore the action is not ethical. Bowie (1998) explains the maxim as simple meaning as principle related to the example that Kant explained in his book as follows:

Suppose you desperately needed money. Should you ask someone to lend you money with a promise to pay the money back but with no intention of paying it back? Do your extreme financial circumstances justify a lying promise? To find out, Kant would require us to universalize the maxim of this action: "It is morally permissible for anyone in desperate financial circumstances to make a lying promise, that is, to promise to repay borrowed money with no intention of doing so." Would such a universalized maxim be logically coherent? Kant answers with a resounding no Kant (as cited Bowie 1998).

METHODOLOGY

Using qualitative methodology, this exploratory research is explaining the barosok phenomenon in the local community of the animal marketplace in West Sumatera and its relations to the Kantian Ethical Theory. Qualitative method is a research procedure that obtains descriptive data in written or spoken form from the people and their behavior which is being observed (Moloeng 2000).

By implementing qualitative approach, this research is analyzed by using content analysis to describe the findings in the deductive concept. Content analysis is a research method for the subjective interpretation of the content of text data through the systematic classification process of coding and identifying themes or patterns (Zhang and Wildemuth 2009).

Data collection was done by using interview, Focus Group Discussion (FGD), and observation during February 5th to February 9th, 2016 in Payakumbuh, West Sumatera. There are five informants that have been interviewed and observed during the research as follows:

1. Datuak Tunggang (55) : Seller, investor
2. Endi Ngulu (37) : Toke / trader
3. Anto Mawar (34) : Toke / trader
4. Af Paput (52) : Toke / trader
5. Iwin Utiah (48) : Buyer

Interviews were made in the animal marketplace, in informants houses, and also in several animal breeding areas during the period of stay. Before asking questions, researchers had developed interview manual and protocol to explore the answer as related to the concept. All interviews were written to the transcript to be analyzed more easily.

Once collected, all data were analyzed by using content analysis method. Transcript of the interview was categorized by some given codes. Observation results were also categorized with the same code which was related to the pattern that has been initiated by the researcher based on the concept and the theory as the basis of the research.

Codes and patterns that have been found during the interview, FGD, observation, and documents' review were analyzed for their validity by using triangulation method. Triangulation is an attempt to check the truth of the data or information obtained by researchers from different perspective as much as possible by reducing the bias that occurs during data collection and analysis (Sugiyono 2008). Once code and pattern that have been validated are founded, the pattern will be constructed to build a model to answer the research question.

RESULTS AND DISCUSSION

Barosok: From Gesture to Culture

No one knows when Barosok is used as a transactional gesture in the animal marketplace in West Sumatera. All informants were not knowing how was the barosok technic becoming transactional gesture to do animal trading in the animal marketplace. Since they were actively involved in the market more than 30 years ago, and based on their parent and older generation's stories, barosok was already existing since animal trading was accepted by the ruling government in the colonial era in Indonesia. Back then, people were not having measurement tool, writing and pricing tag tools, and other trading tools because of limited access to modern technology by the colonial government. Therefore, traditional animal trading is implementing their traditional way on selling and buying animals. This is what most of our informants predicted when barosok was coming up.

Other analysis was coming from Datuak Tunggang (55), a local expert on animal trading in Payakumbuh. Tunggang is also known as Datuak, an ethnical leader in the Minangkabau ethnical culture. As an expert of the animal trading and also cultural guru as ethnical leader, Tunggang argued that barosok is not only a transactional gesture that raised from lack of access to modern trading tools, but barosok is more related to the cultural tradition for the Minangkabau ethnic.

In the Minangkabau, value of life is becoming essential in the daily activities. Most of the activities were based on the cultural values which relate to adat (ethical rule and cultural norms) and Syara' (Islamic rules), including in the animal trading activities. Tunggang explained that in the Minangkabau culture, the principal value to transaction is expressed in the local wisdom as "lamak di awak katuju dek urang", means good for me great for you. The wisdom stated that in any trading activity, the basic principal is the feeling of being respected and having mutual benefit from the transaction. The intention of the transaction is based on the value of themselves to give

benefit to both parties. Meanwhile Endi Ngulu (37) argued that barosok is more than just a symbol or gesture in the transaction. Endi explained that in the barosok tradition, there are several ethical rules that must be followed by the actors in the market such as fair competitiveness, respecting the secret pricing strategy, and also respecting the thinking process before dealing the transaction. Buyer or seller in the animal market has to follow those certain rules to keep their existences in the community. Once they break it, the entire community will isolate them from the trading activities in the market.

The ethical issues are being more specifically mentioned by the informants when the questions were asked about existence of barosok in the current animal trading activity. All informants agreed for barosok to be the basis to respect the market actors to implement a fair trading among them. By implementing barosok, the fair competition is being well-organized and respected without any official or governmental rules.

In conclusion, below are the reasons why barosok is still existing in the current animal market in West Sumatera:

1. Respecting the business processes: Informants explained that barosok is guiding market actors to respect the business within the processes. No one is allowed to share the information about the price with other buyers because there is no fixed price in the market. Various pricing strategies are becoming ethical which is argued as the basis for the business itself to get perceived revenue.

When buyer asks the price of an animal, or seller states his desired price of selling, the process of exposing the price must be done with shaking hands while applying several gestures on fingers covered by veils, sarong, t-shirt, or others. This is the basic concept of barosok. But, sometime, the gesture can be done publicly without covering like giving a quick sign. But, to do this kind of action, seller and buyer must be aware of the people around them and have to do it quickly to protect their secret price.

2. Avoiding single standard pricing: Since the trading system is not commonly based on weight measurement, the business process is relying on the ability of the market actors themselves. Therefore, implementing barosok might help the actors to avoid single standard on pricing strategy to optimize their revenue.

Neither buyer nor seller is allowed to share the barosok price with other people in the market to avoid the competitors' interception and to keep a fair competitiveness among the actors. Price exposure in the barosok could be different from one buyer to others depending on the market situation at the recent time. Hence, by implementing barosok, seller could evaluate their pricing strategy immediately without being exposed to other competitors. Barosok gives a chance to seller to set different pricing strategy for different buyers.

3. Protecting the industry from massive new entrants: Being an actor in the animal trading market in West Sumatera does not only require big amount of investment, but also high capability in the forecasting and ability to do barosok technique. These basic requirements are giving high challenges for new entrants to involve in the industry. Hence, this barosok tradition might be one of the key success factors to protect the business from massive new entrants.

4. Implementing 'hold time' to buyer before 'Ijab Qabul': Anto Mawar (34) explained that when a buyer is doing barosok, the seller cant offer the animal to another buyer until the first buyer states he wants to continue bargaining and make a deal or not. This is the hold time condition. If the buyer wants to keep the hold time, he must give a small amount of money (50,000 IDR usually/ \$5) as the 'agreement sign' for the hold time. This called "ijab" process, giving a money to book the transaction before final deal. When both parties have agreed on an exact price, then the ijab process continues by the "qabul", that is the final dealing process which means the transaction has legally been made. During the ijab, seller and buyer have a rethinking time to decide continuing transaction or not. If buyer wants to cancel it, the money as the ijab couldn't be given back and the transaction is cancelled. If seller doesn't want to sell at the desired price which is bargained by the buyer, the seller should give back the ijab money. Once the money is given back, the hold time is over and the seller is permitted to offer the animal to another buyer.

Barosok and Its Relation to Kantian Ethical Theory

Ethical reason is one of the most discussed factors why barosok is still being used among the market actors. Informants agreed that implementing barosok is one of the ways how they respect the ethical aspects in the trading

activity. Informants also explained that the practice of barosok is very expressive of the moral principle among the society. They also mentioned that ethical reason behind the implementation of barosok is also influenced by the social values that are taught in the Minangkabau culture.

Datuak Tunggang explained that the practice of barosok is related to ethical principle in the concept of trading in the Minangkabau culture. Once people disobey the ethical principle, they are being rude and blamed as an immoral and being isolated from trading activities in the market community. Social judgement will really matter to punish the one who disobeys the ethical implementation.

Af Paput (52) explained that if someone breaks the ethical rules in barosok, it is related to disobey cultural values and it means being ashamed in the society. This is the highest punishment when someone disobeys the ethical principle in the barosok. Social judgement is way more scarier to them because it is the end of their career in the animal market.

Meanwhile, the relation between barosok implementation and Kantian Theory of business ethic could be explained in the following characteristic of categorical imperative:

1. Act only on maxims which you can will to be universal laws of nature: Kant stated that the basic indicator to assess an ethical action is by analyzing the maxim of an act. Based on the research analysis, we found that barosok as an activity in the animal market is based on the similar understanding of the maxim as below: "I'm doing barosok to protect my secret price not to be known by competitors, and to protect the buyers bargained price not to be known by other buyers to respect the business processes between me and my potential buyer."

This categorical imperative shows that people ought to respect the business processes between seller and buyer within the market. The ongoing transaction couldn't be intercepted by competitors, even other sellers are offering cheaper price, or other buyers are eager to deal with higher price. This is the maxim which leads the barosok to be an ethical action within the animal trading community.

Based on Kant deontological theory, an individual maxim will be ethical if the maxim could be implemented as a universal law where everyone will act the same. In this situation, the maxim of barosok as we mentioned above could be expanded to the universal law in the animal market community. Everyone in the market is understanding the maxim and willing to act in the maxim as the universal law of respecting the business processes.

2. Always treat the humanity in a person as an end, and never as a means merely: The next categorical imperative of Kantian Deontological Theory is telling us about respecting an individual as human being, not as a tool to reach the goals. The main concept of human being is the independency of the human to act in their goodwill without any intervention from others (Bowie 1998).

In the barosok tradition, the actors have their own independency to do transaction within the market. Although barosok could be a barrier for those who are not able to practice that kind of transactional gesture, but barosok has proven as an ethical rule to respect the humanity by implementing its value. Some proven value that confirms the ethical practice in the barosok tradition is the willingness of the market actors to implement the 'hold time' to give buyers to rethink about their dealing transaction. The process of *ijab* and *qabul* is one of the proofs how this categorical imperative is found in the barosok tradition.

3. So act as if you were a member of an ideal kingdom of ends in which you were both subject and sovereign at the same time: The third categorical imperative that Kant stated in his ethical theory is about doing something good as much as you desired other people doing the same good to you. This golden rule is a popular statement to self-assessing our individual act. Based on Kant Deontological Theory, the ideal kingdom where we were both as subject and sovereign at the same time was the ethical perspective that must be done by individual.

In the barosok tradition, as a part of Minangkabau culture which valued the activity of its followers, the golden rule is being accepted and implemented by each follower. Through its maxim as "*lamak di awak, katuju di urang*" which means good for me great for you, the ethical action in the barosok tradition should be supported in the frame of giving value to other existences.

The value of being Minangkabau is implemented in the all animal market which is located in the area where Minangkabau ethnic is dominated in West Sumatera. Therefore, it would not be a burden when non-Minangkabau ethnic is involved in the business as long as they are following the rules. Iwin Utiah (48) stated that, in Minangkabau

we believe in the way of life on respecting the local genuine culture and tradition. Utiah continued that there is one philosophical rule which explains the respecting of local culture. The ethical rule stated “di ma bumi dipijak, di situ langit dijunjuang” which means wherever the land you step on, you are under that certain sky. It drives people in Minangkabau to respect the local culture and tradition and also implemented to other people in the similar condition. Hence, the rules of barosok are being followed by anyone who are involved in the animal marketplace in West Sumatera, especially in the Minangkabau areas.

CONCLUSION, RECOMMENDATIONS AND IMPLICATIONS

In conclusion, research has found that barosok is implementing the theory of ethic as Immanuel Kant explained in the Kantian Deontological theory. The basic concept of respect for person has been valued by the barosok tradition. The ethical value of barosok couldn't be separated from Minangkabau Culture. As a part of living tradition of animal trading in Minangkabau culture, barosok is following the value of “lamak di awak, katuju di urang” (good for me, great for you) which is strengthening the respect for person in Kantian ethical concept. Meanwhile, the implementation of barosok which is fully implementing the categorical imperative in Kantian Deontological Theory is mandatory for any market actors. The philosophy “di ma bumi dipijak, di situ langit dijunjuang” (you have to follow rules in the certain land you step on and certain sky you beneath to) becomes a philosophical foundation to not disobey the barosok implementation.

Limitations and Future Research Directions

Although the research has found the relations between Barosok tradition and Kantian Deontological theory, but several people still claimed that barosok is an unethical practice in the social market. Effendi (1999) in his dissertation has criticized the barosok tradition which in his opinion is not transparent and against the principal of goodwill itself. His argument explained the practice of barosok is not positively impacting the market actors in a good way. The practice could increase the business competition without any transparency among the market actors. This critique could be an interesting topic to be developed into another research to explore more perspectives. Future research might also be made to describe the barosok tradition in the perspective of legal constitution of Indonesian law.

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