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

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Abstract

Barosok is a unique transaction gesture in the animal marketplace in West Sumatera, Indonesia. The process of selling and buying animal (especially cattle, buffalo, and goat) is not commonly done using oral communication, but it is by using finger gesture through hand shaking covered by scarf or sarong. The secret gesture is to protect the deal between seller and buyer and to avoid the third party who wants to bargain higher than the deal. The practice of barosok in animal marketplace in West Sumatera has a deep meaning of business ethic. “Lamak di awak, katuju di urang” (good for me, great for you) is a principal value which is owned by each actor in the business. This principal value is related to the “Respect for person” in the Kantian Deontologist Theory (Kant 1990; Bowie 1998). Kant argued that people should respect others and treat humanity in a person as an ends, and never as means merely (Bowie 1998). This principal ethic in business practice has been implemented in the animal marketplace in West Sumatera through barosok tradition for decades. By using qualitative method, this exploratory research found that barosok is one of a kind of business ethic implementation in a local community which is strengthening the Kantian Theory in the ethical perspective of business practice. Research found the relations among the principal values of barosok to the model of Categorical Imperatives which was stated in the Kantian Theory. Even the research also found the ethical dilemma within the market actors, but this research has confirmed the implementation of Kantian Theory on business ethic in the barosok tradition in West Sumatera is still being used until now. This research might be beneficial to the development of ethical studies related to animal trading businesses in Indonesia. Future research might be developed to analyze the ethical value in the barosok technique related to Indonesian Laws.

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

INTRODUCTION

In West Sumatera, a province in Indonesia where Minangkabau ethnic is originally from, the process of buying or selling animal (cow, buffalo, or goat) is not commonly based on the weight of the animal. But, the price standard and the bargaining process is done by using personal ability to forecast the value by the buyer or seller individually. Therefore, in the animal marketplace in West Sumatera, animal trading is challenging because there is no fixed price within the processes and the bargaining skill is the main tool in the business. That is why weight score measurement is not generally used within the actors. From 26 animal marketplaces in West Sumatera which have total transactions of about 11 Million IDR (823.000 USD) or 2000 animals per week, the transaction is done without any weight measurement tools (Madarisa 2012).

The ability to see the value of an animal beyond the weight price itself is a mandatory skill for the one who is willing to get involved. A good businessman in the animal marketplace is the one who can predict the value (including its potential weight) of an animal, and has good skill to bargain the price based on his own analysis.

The value of an animal is not only based on its weight score, but the value is also measured by its look, shape, color, and also its history or unique story. This is where an animal businessman can improve their price by providing a good ability of storytelling. Increasing added value of an animal can increase the price and improve the profit or benefit for the businessman itself. Shortly, a competitive advantage of an animal is not only based on the animal itself, but it’s also the ability of the businessman, the buyer or the seller.
The unique phenomenon in the animal marketplace in West Sumatera is also creating a unique stakeholder composition. The actors in the animal marketplace are not only between the buyers and sellers, but also creating a group of brokers. Broker, or locally called by “Toke”, is a person who is helping a seller to sell his animal, or helping a buyer to buy his desired animal and asking for the commission in every dealing transaction. The commission is given without any former agreement and the Toke is having opportunity to get commission from both parties. Below are the market factors of animal marketplace in West Sumatera (Azizi 2008; Madarisa 2012):

The usage of personal forecast in transaction and the existence of Toke in the animal marketplace in West Sumatera tend to raise a high competitive atmosphere among the market actors. The ability of the forecasting from a buyer and another buyer could be different, and the “secret price” and agreement between seller and Toke are potentially setting up a high competition among the market actors.

High competition is also raised when there are two kinds of the payment in the market. Cash payment is a common transaction. However credit payment is also applicable and acceptable among the market actors. This is what Besley (1994) argued about the market failure when the competitive market fails to bring about an efficient allocation of credit. When more people tend to buy the animals on credit, the price will be increasing and the competition will be decreasing. This phenomenon is making the animal marketplaces in West Sumatera become more unique and complicated.

But, despite of a high competition among market actors, 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 secretly. Barosok was born in the community of the animal marketplace as the gesture of the business transaction and is becoming a cultural approach that is symbolized in the industry of animal trading in West Sumatera.

The unique phenomenon of barosok could be a model of the implementation of Kantian Theory on business ethic. Dierksmeier (2010) stated that Kantian theory is strengthening business to be ethically done. Business is to serve humanity and it is not vice versa. In the Kantian Theory, the practice of barosok is a model of respect for person and being a maxim of the animal transaction in the animal marketplace of West Sumatera.

Kantian Theory agreed that an individual should be performing a certain action as compulsory regardless of the end result or away from any personal influence (Bowie 1998). Through his categorical imperative, Kant (1990) proposed three versions or maxims of categorical imperative as the basic principle to determine whether one’s action is deemed to be ethically correct (Bowie 1998). This research will describe the maxim of barosok and its relations to the Kantian Ethical Theory in the animal marketplace in West Sumatera.

Research Questions
1. How does barosok relate to the Kantian Theory on business ethic?
2. What are the categorical imperatives which 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, Saeidinia, and Aghaei 2012). Oxford Dictionary stated that ethic is moral principles that govern a person's 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.

RESEARCH FINDINGS

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 asses 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.

DISCUSSION

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.

CONCLUSION

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 langik 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.

REFERENCES

