

# Analysis of Trading System of Broom Stick in Labuhanbatu Raya Regency

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## ABSTRACT

The purpose of this research is analysis of trading system of broom stick in Labuhanbatu Raya Regency. This type of research in this research is qualitative research. The selection of samples for broom stick farmers is carried out randomly as many as 5 farmers from each sub-district in Labuhanbatu Raya Regency, namely Main Labuhanbatu Regency, South Labuhanbatu Regency, and North Labuhanbatu Regency. The number of sub-districts in Main Labuhanbatu Regency is 9 sub-districts, North Labuhanbatu Regency is 8 sub-districts, and South Labuhanbatu Regency is 5 sub-districts. So that the total sample is 110 farmers. So the sample for this study are 44 village agents, 22 small agents, 9 large agents, and 2 exporters. The data analysis method used in this study is a qualitative approach. Analysis of the qualitative approach in this study is to explain how the pattern of marketing channels for broom stick is formed from the farmer level to the end consumer. The research results show that there are 4 trading system of broom stick carried out in 3 regencys producing broom stick centers, namely Main Labuhanbatu Regency, South Labuhanbatu Regency, and North Labuhanbatu Regency.

**Keywords:** Trading System, Broom Stick, Farmers

## INTRODUCTION

Oil palm plantations are one of the leading commodities for Indonesia. Various kinds of products have been produced using raw materials from palm oil. This commodity also contributes income to the community and the country, especially from oil palm fruit. However, currently sticks from palm oil can increase the income of oil palm farmers because they have export potential. Broom stick can be exported to Pakistan, Saudi Arabia, India, Nepal, Afghanistan, China, Thailand, Malaysia, and Turkey. Based on data from the Indonesia Quarantine Full Automation System (IQFAST), from January to early September 2019, Belawan Agricultural Quarantine has certified 228 times or as many as 24,765 tons of sticks worth Rp104 billion.

North Sumatra Province is one of the provinces that has very large oil palm plantations, the total area of oil palm plantations in North Sumatra Province based on data from the Central Bureau of Statistics for 2018 is 716.35 hectares of area, so the potential for export of broom stick is very large. The price of broom stick is increased agents in 2017 experienced a decrease of up to Rp1,000/kilogram, at that time the export price to Bangladesh and Pakistan was Rp3,400/kilogram before Rp3,800/kilogram so that the price at the agent level was very low. Likewise, in 2015 there was a decrease in demand from importing countries for this stick, even though at that time the price rose again to

Rp2,500-Rp3,000/kilogram at the agent level due to many things such as summer in export destination countries, increasing number of export destination countries, increased demand broom stick from export destination countries, and so on.

Based on the results of the initial survey of this study as of August 2020, at the large agent level, the price of bulk broom stick was Rp2,900/kilogram for dry ones, while wet sticks were priced at Rp2,400-Rp2,500/kilogram, for packing sticks the price is Rp3,200-Rp3,225/kilogram and large agents usually get supplies of sticks through their permanent agents and daily collectors. The price of sticks from farmers is currently sold to collectors and agents at Rp1,500-Rp2,200/kilogram.

The phenomenon of fluctuations in the price of broom stick plays an important role in the development of this commodity agribusiness. Many entrepreneurs who could not survive, ended up temporarily stopping or even closing their business when the price of this commodity fell to its lowest value (Rp1,700-Rp2,000/kilogram) at the farmer level and (Rp2,500/kilogram) at the agent level. Vice versa, when the price of this commodity was at its highest (Rp2,700-Rp3,000/kilogram) at the farmer and agent level, many new players emerged in this business sector, which in the end this also led to a reoccurrence of decrease in the price of this commodity. This is a challenge for every party involved in this agribusiness to be able to survive in price uncertainty which at times can threaten the continuity of their business. This should encourage the government to pay more attention by taking strategic actions that should be taken to support the development of this stick business.

With the increasing demand for sticks, to meet these needs, both in terms of quality and quantity, it is necessary to increase production. One of the efforts to increase yields that can be done is to maintain the price of broom stick at the peraut farmer level, and the income the farmers get must be profitable enough, so that the peraut

broom stick farmers can and are willing to continue producing broom stick.

The term marketing efficiency is often used in assessing the work performance of the marketing process. This reflects the consensus that the implementation of the marketing process must take place efficiently. New technologies or procedures may only be implemented if they can increase the efficiency of the marketing process (Jumiati et al., 2013).

To get efficient marketing there are two requirements that must be met, namely (Mubyarto, 1989):

1. Being able to convey the results of producer farmers to consumers at the lowest possible cost.
2. Being able to make a fair distribution of the total price paid by the final consumer to all parties involved in the production and marketing activities of the goods.

Factors that can measure marketing efficiency are as follows (Soekartawi, 2002):

1. Marketing advantage.
2. Prices received by consumers.
3. Availability of adequate physical marketing facilities to smooth the buying and selling of goods, storage and transportation transactions.
4. Market competition and competition among marketers.

From an economic point of view, trading is a productive activity because it provides the use of objects, time, place and property rights. Tataniaga has many channels that producers can use in distributing their products (Limbong and Sitorus, 1985). Kotler (2009) defines trade as a business activity in which there is a flow of goods and services from the point of production to the point of consumers. Production is the creation of satisfaction, the process of making use of goods and services. Satisfaction is formed from productive processes which are classified into form, place, time and possession uses.

Agricultural trade system is all activities and businesses related to the transfer of

ownership and physical rights of agricultural products and the needs of agricultural businesses from producers to consumers, including certain activities that result in changes in the form of the goods in question to make it easier to distribute them. and provide other satisfaction to its customers. The marketing channel is a series of organizations involved in the process of delivering products from producers to final consumers. Differences in the trading system channels of each respondent will affect the distribution of income received by the trading system institutions involved in it. The longer the chain of marketing channels, the more inefficient it is because the trade margin created between producers and consumers will be greater (Elpawati et al., 2014). The purpose of this research is analysis of trading system of broom stick in Labuhanbatu Raya Regency.

## **RESEARCH METHODS**

This type of research in this research is qualitative research. Qualitative research is research that is descriptive in nature and tends to use analysis. Process and meaning are emphasized in qualitative research (Sugiyono, 2013).

In this study the authors used a sampling technique using simple random sampling where all elements of the population have the same opportunity to be selected as members of the sample and the sampling is carried out randomly without regard to the strata in the population (Ansori, 2020). The selection of samples for broom stick farmers is carried out randomly as many as 5 farmers from each sub-district in Labuhanbatu Raya Regency, namely Main Labuhanbatu Regency, South Labuhanbatu Regency, and North Labuhanbatu Regency. The number of sub-districts in Main Labuhanbatu Regency is 9 sub-districts, North Labuhanbatu Regency is 8 sub-districts, and South Labuhanbatu Regency is

5 sub-districts. So that the total sample is 110 farmers. In determining the sample of marketing actors or institutions other than farmers, the snowball sampling technique is used, which started with a small group or person who then became a source of information and is asked to appoint respondents or samples of the next marketing actors (Emzir, 2011). So the sample for this study are 44 village agents, 22 small agents, 9 large agents, and 2 exporters.

The data analysis method used in this study is a qualitative approach. Analysis of a qualitative approach is the process of organizing, analyzing, and interpreting non-numeric data into information or trends to be used later as a reference in developing a product or customer needs (Surachman, 2016). Analysis of the qualitative approach in this study is to explain how the pattern of marketing channels for broom stick is formed from the farmer level to the end consumer.

## **RESULTS**

### **Characteristics of a Marketing Agency**

#### **1. Village Agent**

The village agents in this study were those who purchased broom stick from the peraut stick farmers as producers who resold them to other marketers, in this case small and large agents. The number of sticks purchased by village agents from farmers is usually less than small agents. Based on data taken in the field, the maximum number of village agents collecting sticks is 1,000 kilograms per week, this is because village agents only collect sticks from their own village or nearby villages just. The number of sample village agents taken was 44 people taken 2 people per sub-district in each district, sourced from farmer information. Characteristics of traders needed in this study include age, education, business experience, purchasing (capacity), and sales objectives.

**Table 1. Identity, Length of Business, and Purpose of Sales Village Agent of Broom Stick in Labuhanbatu Raya Regency**

No.	Description	Unit	Range	Mean
1	Age	Year	33-57	43.25
2	Education	Year	9-12	11.73
3	Business Experience	Year	1-6	3.61
4	Purpose of Sales	-	Small-Big Agent	-
5	Purchases/Week	Kilogram	200-500	810.23

Source: Processed Data

From Table 1, it can be seen that the average age of the sample village agents in the study area is 43.25 years, this indicates that the sample village agents in the study area are still productive, the average education of village agents in the study area is 11.73 high school equivalent, average business experience as a village agent.

Village agents have been doing this business for an average of 3.61 years with an average purchase of 810.23 kg per week, this shows that most of the collection agents have experience that is still new in the marketing business of this broom stick. Usually these village agents grow a lot when the price of broom stick is high on the market and disappears when the prices for broom stick are low. In collecting broom stick, village agents directly take the results of the farmers' broom stick to the farmers' homes.

## 2.Small Agent

The small agents in this study were collecting traders who bought broom stick from farmers and village agents and sold them to big agents or big agents in each district. Usually small agents can collect 1,000 kg per day, this is because small agents are able to shift (find sticks to farmers and buy) sticks far from the district where they live, even if they get information from farmers, they will also leave the district. The method of payment and purchase of broom stick is usually cash. Apart from receiving from regular collectors or regular village agents, small agents also sometimes make purchases directly to the houses of broom stick producing farmers.

The number of small agent samples taken was 22 people taken 1 person per sub-district in each district, sourced from information from farmers and village agents. The characteristics of small agents in this study include age, education, business experience, and purchases per day.

**Table 2. Identity, Length of Business, and Capacity Small Agent of Broom Stick in Labuhanbatu Raya Regency**

No.	Description	Unit	Range	Mean
1	Age	Year	33-54	41.41
2	Education	Year	9-12	11.86
3	Business Experience	Year	2-5	3.64
4	Purchases/Day	Kilogram	600-1,000	911.36

Source: Processed Data

Table 2 shows that the age of small agent collecting traders is classified as productive, the average age of collecting traders is 41.41 years with an average education of 11.86 years. The small agents in this study had an average experience of 3.64 years with an average purchase of 911.36 kg per day.

## 3.Big Agent

The major agents in this study were collecting traders who collected broom stick from village agents and small agents and sold directly to exporters as the final

consumers of the sales of the sticks. Sometimes large agents or large agents also go to the field to look for broom stick to meet the target or quota for broom stick demand from importing countries. In this study, 3 large agents or large agents were sampled per district, bringing a total of 9 people in Labuhanbatu Raya Regency. For the exporters themselves as the end consumers of this farm product, there were 2 samples that the researchers encountered, which were in Labuhanbatu Induk and North Labuhanbatu Regencies. South

Labuhanbatu Regency has no exporters. Exporters are large agents or large agents

who have purchasing power and a large capacity of around 25 tons per day.

Table 3. Identity, Length of Business, and Capacity Big Agent of Broom Stick in Labuhanbatu Raya Regency

No.	Description	Unit	Range	Mean
1	Age	Year	45-58	50.44
2	Education	Year	12-19	16.44
3	Business Experience	Year	3-6	4.33
4	Purchases/Day	Kilogram	10,000-30,000	15,555.56

Source: Processed Data

Table 3 shows that these large agents or large agents have been operating for an average of 4.33 years with an average purchase capacity of 15,555.56 kg per day, the number of tones not only obtained from collecting agents in Labuhanbatu Raya Regency, but also from agents collectors outside Labuhanbatu Raya Regency.

**Analysis of Trading System of Broom Stick in Labuhanbatu Raya Regency**

The research results show that there are 4 trading system of broom stick carried out in 3 regencys producing broom stick centers, namely Main Labuhanbatu Regency, South Labuhanbatu Regency, and North Labuhanbatu Regency.

There are 4 patterns of trading channels for broom stick, namely:

1. Farmer→Village Agent→Small Agent→Big Agent→Exporter.
2. Farmer→Village Agent→Big Agent→Exporter.
3. Farmer→Small Agent→Big Agent→Exporter.
4. Farmer→Big Agent→Exporter.

In the trading system pattern 1, farmers sell directly to village agents who are usually regular customers, who come to pick up broom stick to the palm farmers' homes. Then village agents sell to small agents, from small agents to large agents or large agents and so on to final consumers, namely exporters. This is the longest channel of the other trading channel patterns in this broom stick farming business.

In the trading system pattern 2, farmers sell to village agents who come to the location of broom stick farmers, then village agents directly deal with large agents or large agents without going through small agents anymore, usually this is done by village

agents who already have networks with large agents or big agent.

In the trading system pattern 3, farmers sell the results of their farming to small agents who come to the home or location of the stick farmers directly without going through village agents. Then, small agents are sold to large agents or large agents in the regency. There are 2-5 small agents in each sub-district, and they already have a large network of agents to accommodate their respective customers.

And the last is the trading system pattern 4, farmers sell the results of their farming directly to large agents or large agents without going through other marketing agencies, namely village agents and small agents. Trading system pattern 4 rarely occurs, usually only occurs under certain conditions such as low prices at the exporting level, export destination countries in winter, abundant stocks at export destination countries and large agents.

Of the three districts included in this study, each district has almost the same trade system pattern. For Main Labuhanbatu Regency, there are trading system patterns 1, 2, and 3, while there is no trading system pattern 4. In South Labuhanbatu Regency there are trading system patterns 2, 3, and 4, while trading system pattern 1 does not exist. And finally, in North Labuhanbatu Regency, all trade system patterns 1, 2, 3, and 4 exist.

**CONCLUSION AND SUGGESTION**

The research results show that there are 4 trading system of broom stick carried out in 3 regencies producing broom stick centers, namely Main Labuhanbatu Regency, South



Labuhanbatu Regency, and North Labuhanbatu Regency.

Based on the results of the research above, the suggestions for this research are:

1. Establish cooperatives to increase the bargaining power of farmers in all existing marketing channels.
2. To all agents, especially large agents and exporters, to maintain the flow of farmers' offers both at high and low prices so that the sustainability of this farming business is maintained.
3. To farmers to continue to maintain product quality according to export criteria.
4. This research can continue to be developed by other researchers to provide a broader picture of the farming of broom stick.

#### **Declaration by Authors**

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