

# Market Organizer Network At Fish Auction; Case Study Of Gauang Market, Padang, West Sumatera, Indonesia

Firdaus, Ariesta, Sri Rahayu, Nurus Shalihin

**Abstract:** Market is an important economic structure in almost economic societies. By using market organization and network approach, this study would like to see how market organization works at the Fish Auction (TPI) at Gauang Market. This study was conducted qualitatively in 2015 with data collection method through in-depth interviews, observation, and document studies. The result shows that there were two types of market organizers that determine market at the Fish Auction (TPI) at Gauang Market. The market organizers were linked by three binding network forms. The networks that bound the actors made a position of an actor accessible to the other actors.

**Index Terms :** Network, Market Organizer, Market Chain, Fish Auction, Traditional Market,

## 1. INTRODUCTION

THE orientation of economic development in fisheries sector is an effort to the sustainability of fisheries development by encouraging the productivity in fisheries catch and the expansion of the marketing (Pieris, 2001). One of the government's policy break through is to provide autonomy for the regions in developing marketing facilities and infrastructure for fisheries management (Pieris, 2001). Market fish is one of the infrastructures supporting the economic activity of fishermen. In Indonesia, the large-scale fish market is known known as Tempat Pelelangan Ikan (Fish Auction) and abbreviated as TPI was one of the driving factors in improving the fisheries business and fisherman's welfare (Wiyono, 2005)..Historically, fish auction has been known since 1992. Fish auction is established and managed through fishery cooperatives, especially in Java Island, with the aim of protecting fishermen from price-fixing practice by middlemen and, at the same time, helping fishermen develop their own businesses (Hertanto, Kushandayani, Astuti, & Windiani, 2013; Pramitasari, 2005). In West Sumatera, based on DKP of West Sumatera data there are 27 units of PPI (Pelabuhan Pendaratan Ikan/Fish Landing Port) and TPI scattered in various districts or cities in coastal areas such as Padang Pariaman Regency, Padang City, Agam Regency, Mentawai Islands Regency, and West Pasaman Regency. In the city of Padang, which is the capital of West Sumatera province, there are some fish auction places, they are TPI Gauang in Kecamatan Lubuk Begalung, TPI Sungai Pisang in Kecamatan Bungus Teluk Kabung, and TPI Pasie Nan Tigo in Kecamatan Koto Tangah (Arista, Rahayu, & Irwan, 2016).The fish auction

(TPI) at Gauang Market is a developed traditional fish market that was established in 1950s. The population development and economic growth make the traditional market grow into a market that provides daily needs of the people (Zusmelia & Firdaus, 2016a). For the development of fishermen's economy, Koperasi Minagates (Mina means fish, Gates is a shortened word from Gauang, Teluk Nibung and Sungai Beremas) was established in 1960. The name Minagates stands for Mina (fish) Gauang, Teluk Nibung, and Sungai Beremas (Arista et al., 2016).The cooperation then becomes a partner of TPI Gauang in fish auction activity. Fish auction, by referencing to the Joint Decrees of the Minister of Home Affairs, Minister of Agriculture, and Minister of Cooperatives and Development of Small Enterprises Number 139 Year 1997; 902/Kpts/PL.420/9/97; and 03/SKB/M/IX/1997, is a place where sellers and buyers carry out transaction of buying and selling fish through auction. Thus, TPI, according to the sociology literature, is a market. As a market, TPI has actors and networks who are working on it. Sociology studies have discussed market issues, ranging from traditional markets (Agboola, Azizul, Rasidi, & Said, 2018; Zusmelia, Firdaus, & Ansofino, 2019), modern markets (Najib & Sosianika, 2017; Suryadarma, Poesoro, Budiayati, Akhmadi, & Rosfadhila, 2007; Utomo, 2011), including in the network approach (Seaman, McQuaid, & Pearson, 2017). However, network studies at TPI are quite limited. This study is aimed to investigate the actors and networks working on TPI by using the approach to economic sociology.

## 2 THEORETICAL REVIEW

Market is an important socio-economic institution in society and has been an important interest in social studies especially since 1950s (Swedberg, 1994). In the literature –especially the economy literature- market is often associated as a place of buying and selling between traders and buyers (Lie, 1997). Market, in a simple definition, is a medium where exchanges can take place. Oxford English Dictionary defines market as 'the meeting or congregating together of people for the purchase or sale of provisions or livestock, publicly exposed, at a fixed time or place; the occasion or time during which such goods are exposed for sale, also the company of people at such a meeting' (Root, 2007). Broadly speaking, market can be understood as an organization that organizes and coordinates all activities within it (Estudillo, Sawada, Kajisa, Fuwa, & Kikuchi, 2010; Root, 2007). In another approach,

- Firdaus is currently a Senior Lecturer at Sociology Education Department of STKIP PGRI Sumatera Barat. E-mail: [firdaus@stkip-pgri-sumbar.ac.id](mailto:firdaus@stkip-pgri-sumbar.ac.id)
- Ariesta is currently a Lecturer at Sociology Education Department of STKIP PGRI Sumatera Barat. E-mail: [ariesta.mphi@gmail.com](mailto:ariesta.mphi@gmail.com)
- Sri Rahayu is currently a Lecturer at Sociology Education Department of STKIP PGRI Sumatera Barat. E-mail: [srirahayu8725@yahoo.com](mailto:srirahayu8725@yahoo.com)
- Nurus Shalihin is currently a Senior Lecturer at Religious Studies Department, Faculty of Ushuluddin and Religious Studies, UIN Imam Bonjol Padang, E-mail: [nurus\\_djamra@yahoo.com](mailto:nurus_djamra@yahoo.com)

market is defined as a place where goods and services are sold to customers at a certain price that is paid with money (Fligstein, 1996). According to the above definitions, market can be viewed from two perspectives, they are market as a place (market place) and as a system (market system). Market as a market place, according to Oxford Dictionary, is a place where buying and selling occurs. This concept refers to a market that has been understood by many people; a place where merchants and buyers meet and exchange their goods or products with other materials. Thus, market that is intended in this context is a physical market. On the other hand, market as a market system according to business dictionary is a social network that permits interaction between buyers and sellers. Furthermore, McConnell, Brue & Flynn (2009) even said that market system is a gigantic communications system. Through changes in prices and profits, it communicates changes in such basic matters as consumer tastes and elicits appropriate responses from businesses and resource suppliers (McConnell, Brue, & Flynn, 2009). As a market system, market can be interpreted as a mechanism or system governing the market (Zusmelia & Firdaus, 2016b). Sociologically, market has been one of the most interesting areas of sociological study for the last few decades (Swedberg, 1994). There are three mainstream theory groups used by sociologists in the study of market, they are network, institution, and performative. The network focuses on the rational relationships between actors as the material of social structure, while the institutionalist focuses on how conditions and actions are contextualized with market rules, power, and norms, and the performative group considers economic action as the result of a calculative process involving the technology and specific work performed by the actors (Fligstein & Dauter, 2007). Network analysis is based on the idea that the most important component of social life does not lie in formal institutions where actors operate, or with the attributes and traits of the individuals, in which they are identified (Beckert, 2010). Beyond the three common approaches in explaining market, Ahrne et al. (2014) offered an organizational approach in explaining market. In the explanation, one of the important components of the market organization is the market organizer. There are three categories of market organizers. The first is those who set market to generate profits, namely profiteer. The second is those who have no economic interest. They engage in market organization on behalf of other people or organizations such as non-profit organizations. This category is called an author as someone else. The third category is those who directly involve as sellers and buyers in certain kind of markets (Ahrne, Aspers, & Brunsson, 2015). Furthermore, Ahrne et al. explained that individual profiteers or organizations that participate in market organizations for their own economic interests, but they do not operate as traders. Those profiteers are divided into three groups; tax collectors (government), commission takers or price differences (brokers, agents etc.) and certifiers (certification institution). While others are identical to the moralist group that regulates the market according to their standards issues. The standards are about health, environment, justice, and so on. They set the standardization of good products and decent consumption according to their moral stretcher. They do not take any advantage of the standardization they build, but the standardization is a benefit for other actors. The case of organic dairy products in Germany is an example of how those other actors work to

maintain healthy milk product quality standards on the market (Suckert, 2017). Sellers are the main players in market, but they are controlled by two other actors. Basically, their reactions to market organization affect the way market works, but they often involve themselves in organizing markets in a collaboration with fellow buyers or sellers. In this case, the authors distinguish the difference between switch-role markets and fixed-role markets. The first is a market where sellers can turn into buyers, and vice versa. In this type of market, there is no stable foundation in regulating the market. The second is the market where sellers have permanent role and buyers cannot turn into sellers (e.g. automotive product market). In this type of market, sellers regulate the market for the common good (Ahrne et al., 2015). Referring to the theoretical framework discussed above, this study limits itself to two main issues. First, he author state that market on this study is market place, which is the place to meet sellers and buyers and make a transactions to agree on prices for the good. Therefore, in this study the intended market place is a market which is a place for fish auction at where the good is fish in various scales. Second, the market organizer in this paper is the market actor at the fish auction. Both of market place and market organizer is site in Gauang market, Padang city, West Sumatra province, Indonesia

### 3 METHOD

This research was conducted as a part of own study at the fish auction (TPI) in Gauang Market, Padang. Gauang Market is one of 15 traditional markets in the city of Padang, the capital of West Sumatra province, Indonesia. Gauang market is only 6.8 km from Pasar Raya Padang that located in the heart of Padang City. From the Minangkabau International Airport, the distance is only 31 km. This study was conducted in 2015. The data collected through in-depth interviews with agents or fish distributors, wholesalers, intermediate traders, small traders, and management of Koperasi Minagates and the members. The observation process was conducted to observe and catch the real market activity in TPI Gauang. The document studies were carried out to complement the secondary data related to the completion of this research. The documents studied in this study are the research reports, journal articles, and literature that support the writing of this research. The data analysis was performed by systematic testing of the data, categorizing the data, and finding the relationships between categories (Afrizal, 2014).

### 4 RESULT

Market activity is entirely determined by actors involved in the market, either directly or indirectly. At the TPI at Gauang Market, the actors involved in the market include two categories based on Ahrne's three market organizer categories. The two categories are profiteer and sellers/buyers. They were still not identified yet in the Others' research groups process at TPI Gauang.

#### 4.1 Profiteer

According to Ahrne et al. (2015), where the profiteer are individuals or organizations that consist of three groups (tax collectors; government, commission takers or price differences; brokers, agents, etc., and certifiers; certification bodies, only two type of profiteer at TPI Gauang. There are tax collector and commission takers. The tax collector is an official who is employed officially by the Padang city

government. In addition, there are also informal payment collectors. They are people who take payment for market security. The commission takers consisted of two categories, the category that is directly involved with the market and the category that is not directly involved in the market. The category of profiteer that is indirectly involved in the market is the cooperative (koperasi), the owners of 'bagan' (ships) and anak buah kapal/ABK (ship crew). The cooperative in TPI Gauang is only one, that is Koperasi Minagates. The ships owners are important actors in the fish auction network. They are the ones who own the fishing boats and equipment that are used to employ the crews. The types of ships they have are motor boat with a crew of 15-20 people. Local people call it as 'bagan'. The number of the owners of those big agents in TPI Gauang are 3 people who come from the local district. While the crew (in local term known as Anak Buah Kapal/ABK) are fishermen who work with the ships owners with wage system or profit sharing system. Their dependence is very high upon the ships owners. Most of them are youth living around TPI Gauang. Profiteers are who directly involved in market activities are divided into three groups: large, medium, and small. The local community called the large group as a major agent. The major agent consists of ships owners and outside agents. Not only taking advantages of fishing activities, the ships owners at the same time also take role as an agent in the process of fish auction. The external agents are collectors and suppliers. In certain season, they accommodate fishermen around TPI Gauang, but in other seasons they become as the suppliers of fish needed in TPI Gauang. The external agents build network with agents from outside Province such as North Sumatera and Aceh. In the medium group category, the profiteer takes role as the auction agent. They are the brokers of big dealers and retailers. They act as the agents authorize by a big agent (ships owners) as the organizer of a fish auction. Their relationship with the ships owners is not only based on economic relation, but also familial relation. The other medium group category is an intermediary trader or also known as an agen ketek-ketek (small agent). They are merchants who buy fish from the auction agent. In the auction, they fight with other agents in getting the fish to be reseller to retailers. In local terms, they are known as "agen ketek-ketek". The fish they get from the auction process are usually reseller to small traders, merchants, and sometimes to consumers.

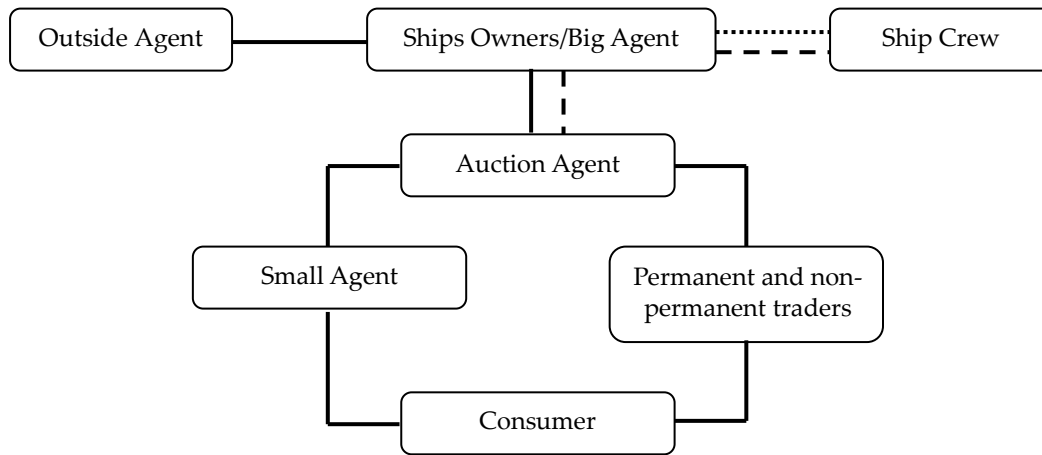
#### 4.2. Seller and Buyer

Seller and buyer category are market participants who are directly involved in buying and selling activities (Ahrne et al., 2015). Traders in TPI Gauang consist of permanent traders

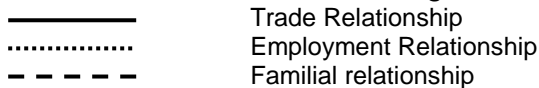
and non-permanent traders. Permanent traders are permanent traders who trade on a daily basis and have permanent trading places in the form of kiosks or stalls in TPI Gauang. They are the permanent players in the trading cycle. They arrange their fish in their kiosks and stalls for sale directly to consumers. Non-permanent traders are traders who come to buy fish for sell it elsewhere. They are categorized as buyers and sellers because they usually sell fish that they purchase at TPI Gauang to consumers elsewhere. Their role is in contrast to agen ketek-ketek agent who resell fish to retailers. Buyers are fish consumers who come to the market. They buy fish for their own consumption needs. They are not only people living around TPI, but also those who come from various societies in the city of Padang. In the process of buying and selling, there is a difference between a permanent trader and a non-permanent trader. Permanent trader usually buy fish from agen ketek-ketek and pay it later, they will pay it after the fish sold to consumers. This kind of transaction goes well because of the trust that exists between them. While non-permanent traders buy fish in cash from agen ketek-ketek (small agent).

## 5 DISCUSSION

If referring to the three categories of market organizers introduced by Ahrne et al. (2015) this study only found two categories of market organizers in TPI Gauang, that are profiteer and seller & buyer. This study not found the "other" category. It is shows two main issues. First, Gauang TPI does not meet perfect market standards because it does not have a complete market organizer as introduced by Ahrne et al. second, the categorization introduced by Ahrne et al. cannot be applied to traditional markets. And the authors tend to the second argument. Nevertheless, over all of market participants in TPI Gauang have a relationship between each other. There are at least three types of relationships exist between the market participants, they are familial relationship, trade relationship, and employment relationship. Familial relationship takes place between the ships owners and the auction agent conducting the auction process in the TPI. The trade relationship takes place between the ships owners and the outside agents with the auction agent. The auction agent makes deal with agen ketek-ketek that links them to the retailer. Merchants are dealing with their consumers. Employment relationship takes place between the ships owners and the crews of the ships. In addition to the employment relationship, the ships owners and the crews of the ships sometimes also have familial relation.



**Fig. 1. Market Organizer Network**



The relationship between the market participants based on the pattern of established relationships can be categorized into two relationship models. The first is symmetrical relationship and the second is asymmetrical relationship. Symmetrical relationship occurs between fellow major agents and fellow agen ketek-ketek. On the other hand, asymmetrical relationship occurs mainly between the ships owners and the crew members. Such asymmetrical relationships often seen in the model of patron-client relationship in developing country (Khan, 2006), where the crews relies heavily on the ships owners. The relationship between the ships owners and the auction agents is often influenced by familial relationship factors. Thus, the agen ketek-ketek is difficult to be the agent of fish auction

## 6 CONCLUSION

This study shows that market organizers at TPI Gauang are not the same as that explained by Ahrne et al. In the Fish Auction (TPI) at Gauang Market, there are only two categories of market organizers that play significant roles in the working of the market organizations. The network works well in TPI Gauang. There are three types of networks in TPI Gauang, namely trade network, familial network, and employment network. The existence of the familial network makes it difficult for the actors to specifically play their parts. The familial network in the case studied makes a certain important position in the system is very difficult to be replaced by other actors.

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