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# PROFIT SHARING SYSTEM OF HAND LINE FISHERMEN AT HILA VILLAGE CENTRAL MALUKU DISTRICT

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**ABSTRACT**

The income of hand-line fishermen is very dependent on the influence of nature and the existence of a working relationship between boat owners and labor fishermen in fishing operations. This study aims to analyze the profit-sharing and income-sharing system of hand-line fishermen at Hila Village, Central Maluku District. Primary data was collected through interviews with six fishermen and analyzed using the business income equation, the profit-sharing system, and the amount of income earned by fishermen. The results showed that hand line business income of Rp23.093.023/month, and the application of the profit-sharing system is 1:3 for owner fishermen, boats, and one crew member. However, the boat's share becomes the owner fisherman's property, so the fisherman gets two claims, and the crew gets one share. The income obtained based on the profit-sharing system is the owner of Rp15.393.349/month and the crew of Rp7.697.674/month.

**Keywords:** fisheries, hand line, income, profit sharing system, tuna

## INTRODUCTION

Fishing, which is an activity of utilizing capture fisheries resources, has long been carried out by the Maluku people as a primary livelihood, using several small-scale fishing tools (Matakupan et al., 2006 in Ruban et al., 2021), one of which is hand line. This fishing activity has become a hereditary effort passed down to be carried out and developed to this day.

The geographical condition of Central Maluku Regency, Maluku Province, which is dominated by a sea area of 264,311 km2 or 95.8% with potential capture fisheries resources of 154,590 tons/year (BPS Kabupaten Maluku Tengah, 2018), is the principal capital for hand line fishing. However, these businesses are also vulnerable to natural influences that trigger uncertain income earned.

The life of fishing communities has different community groups and individuals regarding status, power, and income, whereas a community group or individual they have a patron-client relationship (Hefni, 2009). Patron-client occurs due to uncertain natural conditions in the fishing business, affecting the catch and income.

Several internal and external factors generally influence fishermen's income. One of

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these internal factors is the working relationship between boat owners and labor fishermen in fishing operations which are considered less profitable for fishermen (Kusnadi, 2003). In this working relationship, the problems arising are regarding the profit-sharing system's application.

Kusumastanto et al. (2005) stated that several studies on the fishery revenue-sharing process showed that the profit-sharing system seemed to follow the fishermen's sense of justice, namely that they had met the minimum criteria that each party must obtain. However, if it is analyzed more deeply based on the law on fishery product sharing, then this will seem far from deviating from the rules and sense of justice.

The income distribution will be optimal if the share for each owner of the input factors (capital and labor) is proportional to the contribution of the input factors owned to the total production. Alternatively, in other words, each input factor is paid according to its marginal productivity.

Hila Village is administratively located in Central Maluku District, where most people run fishing businesses with fishing rods (hand line) as the primary source of income to meet family needs. Dependence on nature causes this business also to implement a profit-sharing system between owners and crew members. Profit sharing is generally done at the end of the month, but crew members also receive wages after the fishing process is complete. The wages usually include fish caught and leftover bait that can be brought home for consumption or sale.

The uncertainty factor of the catch causes the wages to remain challenging to apply. Therefore, proportional profit sharing is expected to provide a sense of justice for the owner and crew. Based on this, then the purpose of this study is to analyze the profit-sharing and income-sharing system of hand-line fishermen at Hila Village, Central Maluku District.

## MATERIAL AND METHOD

### Time and place

This research was conducted in October 2021 at Hila Village, Central Maluku District, Maluku Province, using a survey method. The survey was conducted through direct observation and interviews with handline fishermen.

The data collected in this study consisted of primary data and secondary data. Primary data was collected through interviews with respondents in the form of respondent characteristics, division of duties and responsibilities in fishing operations, costs incurred, production amount per trip, types of fish, produced, selling price per type of fish, and profit-sharing system applied. Secondary data is in the form of previous research results, potential fishery resources, and other types of data related to research.

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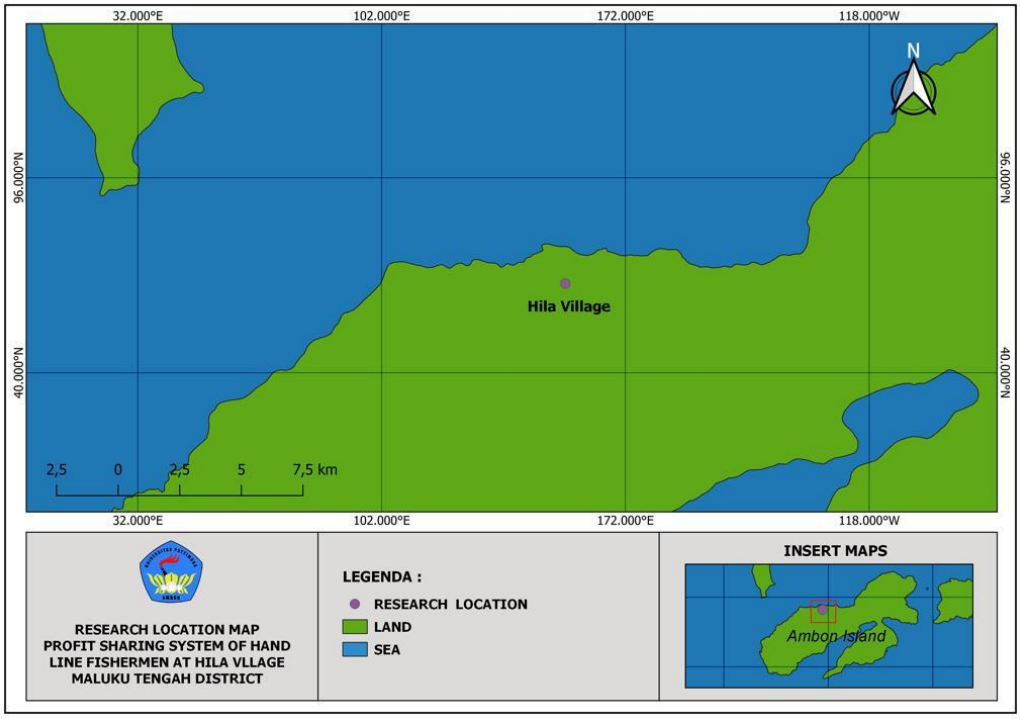


**Figure 1.** Research Location Map

The sample of this study was six fishermen consisting of 3 owner fishermen and three ship captains, and the sample selection used a purposive sampling technique with the consideration that fishermen knew the required information such as cost data, production, the selling price per trip, and the portion or percentage of profit sharing applied.

The data analysis used in this research is quantitative analysis. Quantitative analysis to determine the share of income received by hand line fishermen at Hila Village, Central Maluku District, based on a profit-sharing system. Where to find out the share of income, first you must know the business income per trip. The income calculation follows the following equation:

1. Total cost

   According to Mulyadi (2012), the total cost can be systematically calculated by the following formula:

   **TC = TFC + TVC**

   Where:
   TC =Total cost (Rp/trip)
   TFC =Fixed Cost (Rp/trip)
   TVC = Variable Cost(Rp/trip)

2. Revenue

   The number of revenue is calculated using the formula (Suratiyah, 2015):

   **TR = P x Q**

   Where:
   TR = Total Revenue(Rp/trip)
   P = Price per unit (Rp)
   Q = Number of products sold

3. Depreciation

Depreciation is the reduction in the economic benefits of a fixed asset in the production process. Analysis of depreciation using the straight-line method, according to Hery, 2014 is formulated as follows:

$$DP = \frac{C - S}{n}$$

Where:
DP = Shrinkage
C = Purchase price (Rp)
S = residual value
n = Estimated economic life

4. Income

Income is calculated using the formula (Stice, 2010):

$$\pi = TR - TC$$

Dimana:
π = Income (Rp/trip)
TR = Total Revenue (Rp/trip)
TC = Total Cost (Rp/trip)

## RESULTS AND DISCUSSION

### Characteristics of Respondents

Socio-economic characteristics of respondents from the state government and tourism area managers consist of:

*Age*

Respondents were grouped into three age groups based on the age category of the Indonesian Ministry of Health in 2009, namely adolescents (12-25 years), adults (26-45 years), and the elderly (≥46 years

**Table 1.** Age of Respondents.

| No. | Category Age | Number of people) | % |
|---|---|---|---|
| 1. | Teenager | 0 | 0 |
| 2. | Mature | 5 | 83.33 |
| 3. | seniors | 1 | 16.67 |
| **Total** | | **6** | **100** |

Source: Primary data, 2021

With up to five responses, or 83.33%, most respondents are adults between the ages of 26 and 45. According to Law No. 13 of 2003 concerning Manpower, the age of 46-65 years is the age range included in the productive age category so that respondents can carry out fishing operations properly.

*Education*

Characteristics of education in the study are the formal education taken by respondents who are grouped into 3 (three) levels of education, namely elementary, junior high, and high school.

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**Table 2.** Education of Respondents

| No. | Educational stage | Number of people) | % |
|---|---|---|---|
| 1. | Elementary School | 1 | 16,67 |
| 2. | Junior High School | 2 | 33,33 |
| 3. | Senior High School | 3 | 50,00 |
| **Total** | | **6** | **100** |

Source: Primary data, 2021

The level of high school education is the last formal education that is mainly taken by respondents, namely three people or 50%. The result shows that respondents generally have a background with sufficient formal education to run and manage their businesses well.

*Number of Family Dependents*

The number of family dependents is the number of family members who are still dependents of the family, both siblings, and non-siblings, who live in the same house but have not worked (Purwanto & Taftazani, 2018).

The number of dependents of the respondent's family is divided into 3 (three) groups, namely the number of dependents<3 people (small), 3-5 people (medium), and >5 people (large). The number of dependents in the family affects the size of the necessities of life that must be met.

**Table 3.** Family Dependents

| No. | The number of dependents | Number of people) | % |
|---|---|---|---|
| 1. | <3 | 1 | 16,67 |
| 2. | 3-5 | 3 | 50,00 |
| 3. | >5 | 2 | 33,33 |
| **Total** | | **6** | **100** |

Source: Primary data, 2021

Respondents generally have a moderate number of family dependents, namely 3-5 people, as many as three respondents or 50%. The number of family dependents of 3-5 people indicates that a large enough income allocation is needed to meet their living needs.

*Business Length*

Length of business relates to experience and skills in running a business, where it is a crucial capital to achieve business success.

**Table 4.** Length of Business

| No. | Length of Business (Years) | Number of people) | % |
|---|---|---|---|
| 1. | <10 | 0 | 0 |
| 2. | 10-20 | 4 | 66,67 |
| 3. | >20 | 2 | 33,33 |
| | **Total** | **6** | **100** |

Source: Primary data, 2021

Generally, respondents have 10-20 years of business, as many as four people or 66.67%, so it can be said that respondents have high business experience along with their length of business.

According to Mandala and Raharja (2012), the higher the experience of an entrepreneur, the fewer production defects. It will significantly affect work effectiveness and efficiency, ultimately significantly affecting the productivity of the business being run.

**Business Income of Hand Line**

Income is the final value of the amount of revenue minus the total costs required when doing business, and total income is the result of all income received in the business activities carried out (Putra, 2019). For the income of the hand line fishing business in Hila Country, it is necessary to know the following costs:

*Fixed cost*

Fixed costs are a static (unchanged) type not affected by the size of the business volume or business processes that occur in that period in a specific size (Assegaf, 2019).

The average fixed costs incurred in the hand line fishing business in Hila Country are depreciation costs

Based on the calculation of depreciation using the straight method line, according to Hidayat et al., 2011 it is known that the largest type of depreciation expense is boat depreciation, which is Rp. 821,230 per year or Rp. 68,436 per month. The lowest cost is the ice box's depreciation, which is Rp128,750 per year or Rp10,729 per month.

**Table 5.** Depreciation Cost

| No. | Type | Average Cost (Rp/year) | Average Cost (Rp/month) |
|---|---|---|---|
| 1. | Boat | 821,230 | 68.436 |
| 2. | Machine | 613,416 | 51.118 |
| 3. | fishing rod | 200,333 | 16,694 |
| 4. | Ice Box | 128,750 | 10,729 |
| **Total** | | **1,763,729** | **146,977** |

Source: Primary data, 2021

*Variable Cost*

Variable costs (variable costs) are costs whose total amount can change in proportion to changes in the volume of activities or activities. The higher the volume of activities or activities, the higher the variable costs will be proportionally (Assegaf, 2019).

The average variable costs incurred in the hand line fishing business in Hila Country include the cost of fuel, consumption, ice, and cigarettes.

**Table 6.** Variable Costs

| No. | Type | Average Cost (Rp/trip) | Average Cost (Rp/month) |
|---|---|---|---|
| 1. | BBM | 808.000 | 16,160,000 |
| 2. | Consumption | 250,000 | 5,000,000 |
| 3. | Ice | 100,000 | 2,000,000 |
| 4. | Cigarette | 200,000 | 4,000,000 |
| **Total** | | **1.358.000** | **27,160,000** |

Source: Primary data, 2021

The total variable costs incurred in one go to sea is Rp. 1,138,000, the frequency of fishing for hand line fishermen for 1 (one) month is 20 times, so it is known that the variable cost per month is Rp. 22,760,000.

The highest variable cost is the fuel which consists of gasoline and oil of IDR 708,000 per trip or IDR 14,160,000 per month, and the little variable cost is ice cubes to maintain the freshness of the caught fish of IDR 100,000 per trip or IDR 2,000,000 per month.

These costs are incurred when carrying out fishing operations, where it is known that the fishing operation time is 10 hours, and the fishing ground is in the Seram Sea. The frequency of arrests is five times/week or 20 times/month.

*Total Cost*

Total cost is the result of the sum of fixed costs and variable costs (Hutauruk et al., 2021). The total cost of business and line fishery in Hila Country is Rp. 22,706,000.

**Table 7.** Total Cost

| No. | Cost | Amount (Rp/Month) |
|---|---|---|
| 1. | Fixed cost | 146,977 |
| 2. | Variable cost | 27,160,000 |
| **Total** | | **27,300,977** |

Source: Primary data, 2021

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*Revenue*

Revenue from the hand line business at Hila Village is very dependent on the catch and the selling price of tuna. The average tuna production in October 2021 is two fish/trip or 46kg/trip (1 fish=23kg), and the average per month is 40 fish or 920kg. The tuna is marketed as tuna loin, where the selling price is Rp. 75,000/kg. One tuna fish generally produces four loins, and the weight per loin is 4.2 kg. Based on these data, the revenue obtained is Rp. 2,520,000/trip or Rp. 50,400,000.

*Income*

Fisherman's income is obtained from the difference between revenue and total costs incurred per month to obtain an operating income of Rp.23,093,023. This operating income will then be divided between owners and crew members according to the agreed profit-sharing system.

**Profit Sharing System and Distribution of Hand Line Fishermen Income**

The profit-sharing system is generally formed from a mutual agreement between fishermen (masters and tenants) and takes place from generation to generation so that it becomes a habit and a local custom (Harahap, 2021).

According to Law No. 16/1964, if a fishery business is carried out based on a profit-sharing agreement, the share of the profits from the business to the working fisherman must be given at least as follows: a. If a sailboat is used: a minimum of 75% (seventy-five percent) of the net result (gross income minus the cost of supplies) b. If a motorized boat is used: a minimum of 40% (forty percent) of the net proceeds (gross income minus the cost of supplies).

The profit-sharing system between the owner, fishermen and crew members that applies to the handline business in Hila Country is 1:3, namely for fishermen with two people in 1 boat. Profit sharing system 1:3 means that the total income per month is divided into three parts for the owner, fisherman, boat, and one crew member. The ship's share belongs to the fisherman, so the fisherman gets two shares, and the crew gets one share. Based on the profit-sharing system, the income earned by the owner is Rp. 15,393,349/month, and the crew is Rp.7,697,674/month

## CONCLUSIONS

Conclusions based on the results of the study are:

1. The profit-sharing system is 1:3 for owner fishermen, boats, and one crew. However, part of the ship becomes the property of the owner fisherman.
2. The income obtained based on the profit-sharing system is the owner of Rp. 15,393,349/month and the crew of

Rp.7,697,674/month. The percentage of the profit-sharing system, namely the owner, is 66.67%, while the crew gets 33.33%.

Suggestions that can be given are the need for an evaluation of the profit-sharing system, which is adjusted to the contribution to total production in order to realize justice in the distribution of fishermen's income.

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