

Catur Dresta: Justice Income Distribution

(Study of Profit Sharing Pattern in Pedawa Village, Bali, Indonesia)

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ABSTRACT: In the institutional economy spectrum, the profit sharing pattern between owner farmers as patrons and cultivator farmers as clients cannot be separated from the place, time, and circumstances. Therefore, the belief system (*sastradresta*), cultural values (*kunadresta*), a common view of life (*lokadresta*) and the customs of agricultural land (*desadresta*) known as *caturdresta* are embedded in economic activity. The study is written using a quantitative descriptive approach, with the results of the profit sharing pattern based on the *caturdresta* as an informal economy institution that acts as a rule of the game in distributing income fairly.

KEYWORDS: *caturdresta*, income distribution, profit sharing

I. INTRODUCTION

Local knowledge and skills related to income distribution can be traced through the behavior of owner farmers and cultivator farmers in economics. An example is the profit sharing scheme with the provision of 2/3 for owner farmers and 1/3 for cultivator farmers, which has been tested to date as a kinship-based capital flow (interview: Made Serikat, 2019). Therefore, the profit sharing pattern is said to be a means of appraisal as well as a means of punishment which is compatible with the rural economy. In other words, the flow of capital between owner farmers and cultivator farmers is positive, even though the owner farmers' capital flow is greater than the cultivator farmers due to differences in land ownership status. In utilizing agricultural land, the owner farmers are very dependent on the labor of working cultivator farmers who are united by the view of life together as one *Bali Aga* descendant (*lokadresta*) by obeying the customs of agricultural land (*desadresta*). This indicates that the use of work-oriented agricultural land is based on kinship-based Hindu religious values (*sastradresta*) by attaching economic activities to a series of religious ceremonies (*kunadresta*) which have a five-year cycle (interview: Sukrata, 2019).

The phenomenon above explains that there are two functions inherent in *caturdresta* as the concept of equitable income distribution. First, *caturdresta* as a production function which implies a work agreement that leads to farm stratification. Second, *caturdresta* as a social function which implies a harmonious relationship between the owner farmers as a patron and the cultivator farmers as a client. Therefore, the aim of this research is to try to offer *caturdresta* as a concept of equitable income distribution that contributes as a rule of the game as well as a social system in the rural economy.

II. LITERATURE REVIEW

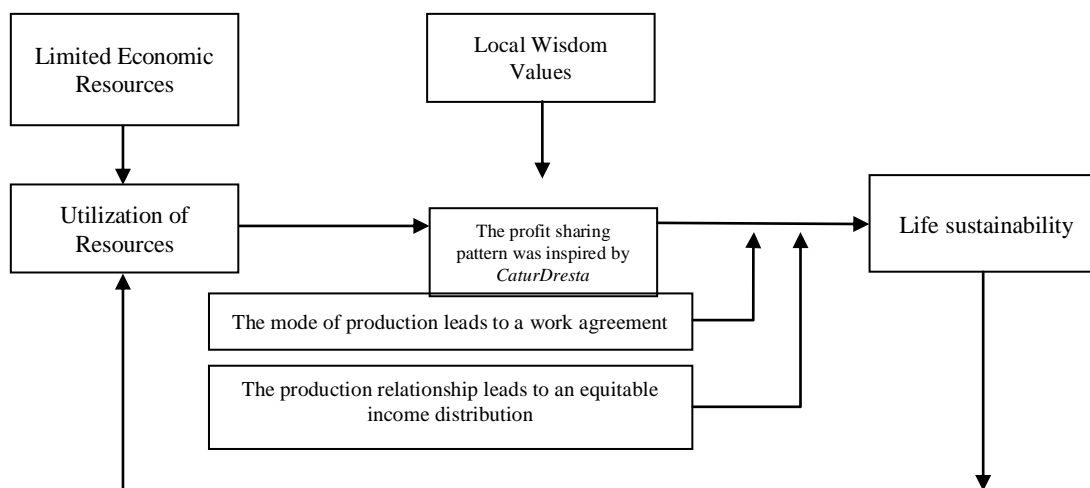
2.1 Production Pattern Equipped with a Social System

Production patterns complemented by social systems are the basic foundations of economic activity, which include modes of production and production relations. The mode of production focuses on the work agreement to meet the necessities of life and maintains the existence and the production relationship focuses on the distribution of income and consumption. The two interact in creating capital flows. Production patterns contribute to social structures in creating economic stability which includes: first, adaptation by adapting to the environment. Second, the achievement of goals as a function of personality in meeting life's needs. Third, integration which functions to regulate and maintain relationships between parts of the social system. Fourth, the maintenance of production patterns that can improve individual and cultural motivation (Marx in Augustine, 2017; Parson, 1951). Theoretically, *caturdresta* is included in the social capital category defined by Coleman (1986). Social capital is linked to economic principles as a social analysis so that social capital is defined according to its function, namely social capital is not a single entity but a plural entity as a social structure that facilitates economic actors in economics.

2.2 Concept Framework

Judging from the formulation of the problem and research objectives, the conceptual framework is presented as follows.

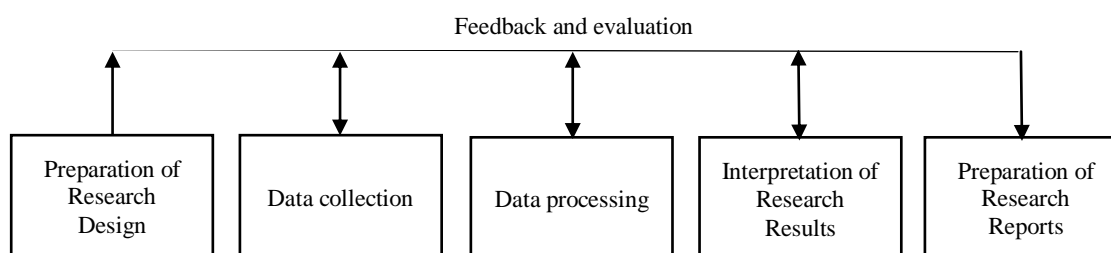
Figure 01: *CaturDresta* Concept Framework for Equitable Income Distribution



III. RESEARCH METHODS

This research uses a quantitative descriptive methodology. The population of this study was 910 households owning agricultural land and 815 not owning agricultural land. The sample was determined by proportionate stratified random sampling (Nueman, 2015), so that the distribution of the sample became 58 owner farmers and 52 cultivators farmers, with the following stages.

Figure 02: CaturDresta Research Design as a Concept of Equitable Income Distribution



IV. RESULTS AND DATA ANALYSIS

4.1 Profile of Owner Farmers and Cultivator Farmers

Table 01: Respondent Profile

Demographic Characteristics	Number of Respondents	%
Ownership of agricultural land		
Owner Farmers	58	53
Cultivator Farmers	52	47
Annual income (IDR. Thousand)		
Owner Farmers	300.000,-	82,87
Cultivator Farmers	62.000,-	17,13
Level of education		
Owner Farmers		
Primary school	32	29,09
Junior high school	11	10
Senior High School	4	3,64
Diploma	11	10
Cultivator Farmers		
Primary school	23	20,90
Junior high school	21	19,10
Senior High School	8	7,27

4.2 Quantitative Descriptive

4.2.1 Profit sharing pattern as a concept of equitable income distribution

As a yield sharing system for agriculture, the production sharing pattern for dried cloves and palm sugar is presented as follows.

Table 02: Illustration of Dried Clove and Palm Sugar Production Method in 2019

Production Method	Added Value of Dried Cloves (IDR. Thousand)		Added Value of Palm Sugar (IDR. Thousand)	
	Owner Farmers	Cultivator Farmers	Owner Farmers	Cultivator Farmers
Profit sharing	123.000	61.500	53.000	26.500

Source: interview (Made Serikat, 2019)

Judging from the commercial value, the equitable distribution of income is determined by the status of agricultural land ownership. This reflects the existence of social stratification between owner farmers as patrons and cultivator farmers as clients. There are two effects of the profit sharing pattern. First, the acquisition of positive values has led to the growth of the industrial and trade sectors, so that it is said that the village economy leads to farm stratification. Second, the profit sharing pattern is the result of a work agreement based on kinship as a *Bali Aga* entity. The production relationship is reflected in marginal revenue (MR) and marginal propensity to consume (MPC) which are described as follows.

Table 03: Marginal Revenue (MR) of Dried Cloves in 2019

Information	2018	2019
<i>Q</i>	300	3.000
ΔQ	-	2.700
Owner Farmers <i>TR</i>	30.000	270.000
ΔTR	-	240.000
<i>MR</i>	-	88,89
<i>TR</i>	6.000	75.000
Cultivator Farmers ΔTR	-	69.000
<i>MR</i>	-	25.56

Source: processed by researchers

Table 03 shows that the increase in income of owner farmers is greater than that of cultivators ($88.89 > 25.56$). The addition of dry clove production from 300 kg to 10,000 kg and a decrease in price from 100 thousand rupiah to 90 thousand rupiah increased the marginal revenue of owner farmers by 88.89 and cultivator farmers by 25.56. The marginal revenue for palm sugar is presented as follows.

Table 04: Marginal Revenue (MR)Palm Sugarin 2019

Information	2018	2019
<i>Q</i>	3.600	4.500
ΔQ	-	900
Owner Farmers <i>TR</i>	72.000	112.500
ΔTR	-	22.500
<i>MR</i>	-	25
<i>TR</i>	18.000	22.500
Cultivator Farmers ΔTR	-	4.500
<i>MR</i>	-	5

Source: processed by researchers

For palm sugar, the increase in income of owner farmers is greater than that of cultivators ($25 > 5$). The increase in palm sugar production from 3,600 kg to 4,500 kg and an increase in price from 20 thousand rupiah to 25 thousand rupiah resulted in an increase in the MR of the owner farmers by 25 and an increase in the income of cultivators by 5. The MR exposure of cloves and palm sugar indicates that there is a difference between owner farmers and cultivator farmers, triggered by the status of agricultural land ownership. For dry cloves, the difference between MR is 63.33 ($88.89 - 25.56$) and palm sugar is 20 ($25 - 5$). Theoretically MR has implications

for MPC which is defined as a change in the level of consumption due to an increase in income which is presented as follows.

Table 05: Marginal Propensity to Consume (MPC) Dried Cloves in 2019

Information	2018	2019	
Owner Farmers	C	8.370	114.390
	ΔC	-	106.020
	Y	13.500	184.500
	ΔY	-	171.000
	MPC	-	0.62
Cultivator Farmers	C	3.720	46.500
	ΔC	-	42.780
	Y	6.000	75.000
	ΔY	-	69.000
	MPC	-	0.62

Source: processed by researchers

Table 05 informs that the owner farmer and cultivator farmer MPC are the same, namely 0.62, but in absolute terms the consumption of owner farmers > cultivator farmer. Meanwhile, the palm sugar MPC is presented as follows.

Table 06: Marginal Propensity to Consume (MPC) Palm Sugar in 2019

Information	2018	2019	
Owner Farmers	C	26.970	49.290
	ΔC	-	22.320
	Y	43.500	79.500
	ΔY	-	36.000
	MPC	-	0,62
Cultivator Farmers	C	11.160	13.950
	ΔC	-	2.790
	Y	18.000	22.500
	ΔY	-	4.500
	MPC	-	0,62

Source: processed by researchers

Table 06 informs the level of consumption expenditure of owner farmers and cultivator farmers as a result of additional income is 0.62. The percentage is not different, but in absolute terms it is different because the relationship of production is in the same direction as the distribution of income and consumption, that is, income increases due to additional production and the amount of consumption increases due to additional income from additional production.

4.2.2 The role of *caturdresta* in distributing income fairly

There are two roles of *caturdresta* in the profit sharing pattern. First, *caturdresta* as a rule of the game in economics. Second, *caturdresta* as a social system, which is described as follows.

Figure 03: CaturDrestaAs The Rules Of The Game In Economics(Williamson, 2000)

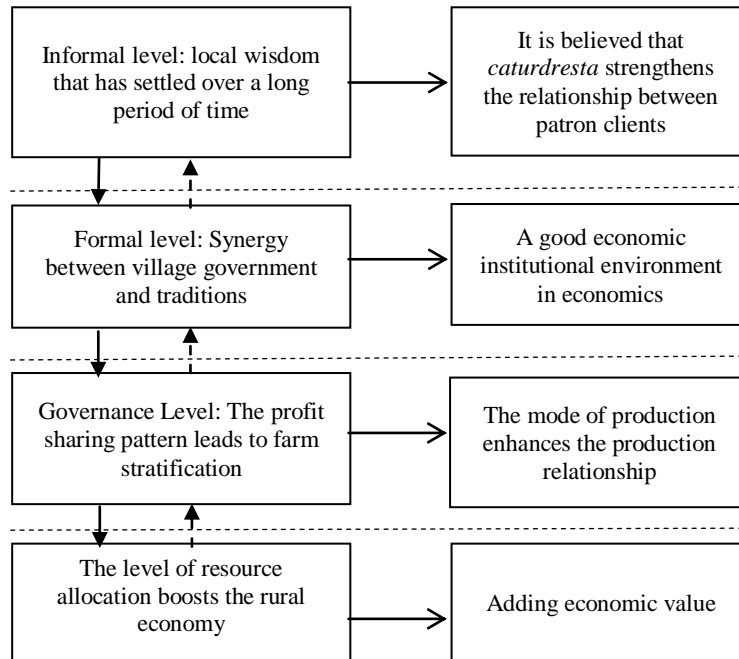
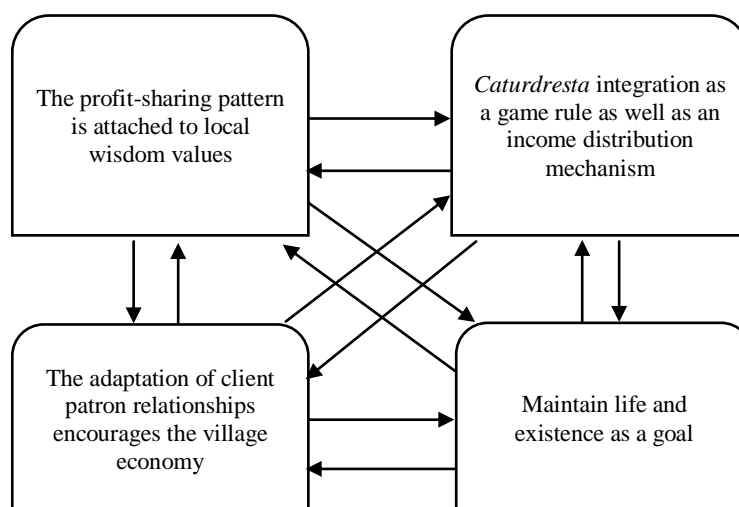


Figure 03 explains, chess dresta as an unwritten rule of the game strengthens the institutional relationship between village government and local wisdom. The rules of the game serve as guidelines in the use of agricultural land that drives the rural economy. Meanwhile, *caturdresta* as a social system in economics is described as follows.

Figure 04: CaturDrestaAs a Social System(Parson, 1951)



There are four explanations in figure 04. First, commercial value and social value protect and maintain cloves and palm as an adaptation function. Second, the work agreement as a function of objectives in ensuring survival

and existence. Third, *caturdresta* as a function of economic integration. Fourth, maintaining the profit sharing pattern tied to *caturdresta*.

V. DISCUSSION

5.1 Profit Sharing Pattern as a Defense Mechanism for the Rural Economy

The interaction between owner farmers and cultivator farmers shows the relationship between patron and clients towards the direction of farm stratification. This reflects the profit-sharing pattern as a form of informal institutions that has an impact on the positive flow of capital between owner farmers and cultivator farmers. In allocating resource values, owner farmers and cultivator farmers are oriented towards family welfare, considering the household as the production unit.

5.2 CaturDresta As The Rules Of The Game In The Rural Economy

Caturdresta strengthens the relationship between owner farmers as patrons and cultivator farmers as clients oriented to production functions and social systems.

1) Orientation to the production function (Solow, 1974)

The production function emphasizes the positive value received by owner farmers and the exchange value and use value received by cultivator farmers. Positive values serve as a substitute for limited resources. If the value of positive resources leads to the direction of farm stratification, then equitable income can be maintained. Conversely, if the negative resource value leads to farm polarization, then equitable income cannot be maintained.

2) Orientation to social systems (Parson, 1951)

In order for the rural economy to continue, the profit sharing pattern is attached to religious values and cultural values which are united by a shared view of life as a *Bali Aga* entity that is subject to the rules of the game of agricultural land.

VI. CONCLUSIONS AND RECOMMENDATIONS

Caturdresta as a concept of equitable income distribution as well as a social system game rule, which is oriented towards the production function and social system. The production function emphasizes the positive value acquisition of resources as a good substitute for limitations. The social system focuses on *caturdresta* as a kinship-based economic defense mechanism. So the recommendation that is considered important is to make *caturdresta* an economic instrument.

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