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## Profit Sharing Pattern in Balinese Cattle Fattening Arguments

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### A B S T R A C T

This study aims to analyze the pattern of profit sharing in Balinese cattle and the factors that affect it. This study uses survey methods and interviews with Balinese cattle breeders and herders in Bali. The results of the study show that the commonly used profit-sharing patterns are the 50:50, 60:40, and 70:30 patterns for female cattle, which are rumoured through the Simantri pattern. Factors that affect the profit-sharing pattern are production costs, risks faced by each party, contributions made by each party, and the selling price of cattle. The study also demonstrates that a fair and transparent profit-sharing arrangement can enhance trust and cooperation between farmers and herders. The results of this study are expected to serve as a reference for farmers, herders, and policymakers in developing a more effective and efficient Balinese cattle farming business.

#### Contribution to Sustainable Development Goals (SDGs):

**SDG 1:** No Poverty

**SDG 2:** Zero Hunger

**SDG 8:** Decent Work and Economic Growth

**SDG 12:** Responsible Consumption and Production

**SDG 17:** Partnerships for the Goals

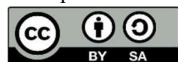
## 1. INTRODUCTION

### 1.1. Research Background

The growth of the national beef cattle industry is strongly supported by the people's involvement in beef cattle farming. This smallholder farming business operates on a small scale and is spread across various regions in Indonesia, experiencing a very low business growth rate that tends to decline from year to year [1,2]. The Balinese people are powerful in defending traditional values derived from Hinduism. This is evidenced by the fact that the island of Bali is the only region in Indonesia where Hinduism remains the most dominant religion. Hindu religious values, such as honesty, karmaphala (rewards for deeds), and justice, provide strong foundations for the creation and sustainability of various traditional economic institutions in this region. In the field of livestock business, the most widespread

conventional economic institution developed on the island of Bali is the Balinese cattle system, which in the local language is called the kadasan system. This traditional cowfighting system was able to survive and continue to develop in the midst of an economic environment undergoing rapid modernisation. Even this traditional bounty system seems more resilient than modern rigging systems, such as the People's Core Company (PIR) system supported by the government. This signal is supported by facts that show the formal PIR system tends to decline despite receiving direct government support.

In contrast, the traditional PIR system continues to evolve, despite not receiving significant support. Directly from the government [3]. The robustness of the Balinese cattle herd system is really interesting to study. In our opinion, understanding the key factors that contribute to the resilience of traditional economic institutions can serve as a reference for designing new financial institutions, such as the PIR system. In this paper, the patterns of the cow farming system in Bali will be described,



Which include the driving factors, owner-keeper alliances, profit-sharing provisions, and the process of forming and managing the traditional cattle farming system [3,4,5]. Research on profit-sharing patterns in Balinese cattle farming is crucial for understanding how the profit-sharing system affects the welfare of farmers and enhances the efficiency of livestock businesses. This study aims to analyse the pattern of profit sharing in Balinese cattle farming, the factors that influence it, and its implications for the welfare of farmers.

### 1.2. *Special Purpose :*

- a. Knowing the various patterns of profit sharing in Balinese cattle farming in Bali
- b. Develop the right alternative strategies to support the growth of the slaughter cattle fattening business in Bali.
- c. Recommend priority strategies that support the development of beef cattle fattening business in Bali.

### 1.3. *Research Priorities/Research Urgency*

This research is also in accordance with the main priorities of the development of science and technology in 2021-2025 in Bali, so that it can be used as a reference for the development of the Balinese cattle business and the development of research in the field of environmental technology development based on information and communication technology. This research can serve as initial information for the development of the Balinese cattle business in the Bali area.

### 1.4. *Targeted Findings/Innovations*

The targeted innovation is the existence of a profit-sharing pattern management model for Balinese cattle.

### 1.5. *Benefits*

It is beneficial for farmers to increase their income through fattening strategies and profit-sharing arrangements. Useful for local governments in improving the lives of farmers. It is beneficial for the researcher to contribute to the study of the pattern of profit sharing in cattle ranching in Bali.

## 2. METHODS

The research was conducted from February to April 2025 in four sub-districts of Badung Regency: Abiansema District, Mengwi District, Bebalang District, and Selat District. A total of 300 farmers were selected using a purposive sampling method based on specific criteria that met the research needs. Primary data was obtained by conducting observations and interviews with respondents. The interviews were conducted in a structured manner, using questionnaires for guidance. The data and information used in this study are sourced from Farmers who carry out cattle maintenance by making noise, Farmer groups implementing the Integrated Agricultural System, local cattle traders, animal market managers, and related agencies.



**Figure 1.** Distribution of Questionnaires

### 2.1. *Data Collection Techniques*

#### 2.1.1. *Interviews*

Interviews are conducted with Balinese cattle breeders and cattle owners to collect data on profit-sharing patterns, production costs, and income.

#### 2.1.2. *Questionnaire*

Questionnaires are used to collect data on respondents' characteristics, such as age, education, and experience in raising livestock.

#### 2.1.3. *Observation*

Observations are conducted to directly observe Balinese cattle farming activities and the profit-sharing system employed.



**Figure 2.** Interview with Farmers

### 2.2. *Data Analysis*

The collected data were analysed using descriptive statistics and multiple linear regression analysis. Descriptive analysis was employed to describe the revenue-sharing patterns and characteristics of the respondents. Multiple linear regression analysis is used to analyze the factors that influence the profit-sharing pattern.

### 2.3. *Research Variables*

1. Profit sharing pattern (dependent variable)
2. Production cost (independent variable)
3. Revenue (independent variable)
4. Characteristics of respondents (independent variables)

The research instruments used were questionnaires and interview guidelines.



**Figure 3.** Direct observation to the breeder.

### 3. RESULT AND DISCUSSION

Balinese cattle can remain active in reproduction from the age of 2 to 15 years, making them a long-term productive asset in smallholder farming systems [6, 7]. In this context, marketing is a crucial component that determines the success of a livestock business. As an important link in livestock agribusiness, effective marketing practices can significantly impact the scale and sustainability of commercial operations [8 and 9]. However, the findings of this study show that marketing activities among respondent farmers are still not optimal. Most farmers are still focused on production activities on farmland and have not explored or taken advantage of opportunities to engage directly in the market. This highlights the need for increased awareness, institutional support, and market literacy to enhance farmers' participation in the downstream agribusiness process, specifically the 50:50 profit—sharing pattern. Farmers (cattle owners) provide 50% of the total cost, covering both cattle and feed costs [10, 11]. Partner herders/breeders provide grazing services, cover 50% of the total feed costs, and cover other costs (such as cow health costs).

The proceeds from cattle sales are divided 50% for breeders (cattle owners) and 50% for shepherds/partner breeders. 60:40 Profit Sharing Pattern Farmers (cattle owners) provide cattle and feed costs of 60% of the total cost [12 and 13]. Partner pastors/breeders provide grazing services, cover 40% of the total feed costs, and bear other expenses (such as cow health costs). The proceeds from cattle sales are divided 60% for breeders (cattle owners) and 40% for herders/partner breeders [14 and 15]. Other Profit Sharing Patterns: Profit sharing patterns can be adjusted through an agreement between the breeder and the partner shepherd/breeder, such as 70:30, 55:45, or other arrangements. In determining the pattern of profit sharing, it is necessary to consider several factors, such as Production costs, Risks faced by each party, and Contributions made by each party. A fair and transparent profit-sharing pattern can help increase trust and cooperation between farmers and partner pastoralists/breeders. In general, in Bali, the profit-sharing pattern applied in the community is a profit-sharing pattern with a percentage of 50% for farmers and 50% for capital providers in the form of fattened cattle seeds.

Meanwhile, the dispute between farmers and the Bali provincial government follows a 70% allocation to farmers and a 30% allocation to the government [16 and 17]. This all depends on the deal. Farmers rarely violate this agreement because farmers in Bali are very obedient to the applicable laws, such as the karmaphala law, which teaches us that our actions will produce their consequences. For example, when we plant rice, the result is that the seeds produced are not soybean seeds. This research on profit-sharing patterns in Balinese cattle ranching shows that the commonly used profit-sharing patterns are the 50:50 and 60:40 patterns.

However, this study also indicates that marketing activities among respondent farmers are still not optimal. Most farmers are still focused on production activities on farmland and have not explored or taken advantage of opportunities to engage directly in the market. Balinese cattle farmers need to enhance their market awareness and literacy to capitalise on existing market opportunities. Institutional support from the Government and related institutions is required to enhance farmers' ability to market Balinese cattle products. The development of a fair and transparent profit-sharing pattern can help increase trust and cooperation between farmers and herders/partner breeders. Balinese cattle farmers still face limited capital to develop livestock businesses. Balinese cattle farmers need to enhance their marketing skills to market Balinese cattle products effectively. Balinese cattle farmers need to increase their involvement in the agribusiness process to achieve greater added value.

### 4. CONCLUSION

The common profit-sharing patterns used in Balinese cattle farming is the 50:50 and 60:40 patterns. Marketing activities among farmers are still not optimal, so it is necessary to increase market awareness and literacy. A fair and transparent profit-sharing pattern can help increase trust and cooperation between farmers and herders, ultimately benefiting the welfare of both parties. Therefore, it is necessary to develop a fair and transparent profit-sharing pattern, as well as increase market awareness and literacy among farmers.

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