

TRADERS RATIONAL CHOICE FOR BUSINESS SUSTAINABILITY

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ABSTRACT

The more expensive daily needs, either primary or secondary, makes many people in tribulation and look for solution to it. So do the traders existing in traditional market. Trading sector is the one with sufficiently fast money circulation. Capital is always needed to do trading. Most small traders existing in traditional market find difficulty in accessing the capitalization, because their commodity is not sold out everyday. For that reason, this research aimed to find out rational choice of traders in traditional market in the attempt of maintaining their business sustainability. This study was a qualitative research. The method employed to select the research subject was snowball technique, while the techniques of collecting data used were interview and observation. The result of research showed that rational choice made by traders to maintain their business sustainability was affected by economic and cultural factors. Borrowing money from payday lenders was an attempt of getting capital quickly and of maintaining their trading business.

KEYWORDS: traders, payday lenders, traditional market, rational choice

INTRODUCTION

Traditional market is the one constructed and managed by Government, Local Government, Private, State-Owned Enterprise, and Local Government-Owned Enterprise including cooperation with private or business places like shop, kiosk, and tent owned/managed by small, medium traders, self help group or cooperative with small-scale business, small capital, and the process of trading commodity is conducted through bargaining (Permendagri, 2008). The presence of traditional market is decreased by economic growth with the development of modern market being the competitor of traditional market. However, government keeps attempting to manage and empower traditional market. Traditional market as if has never died it always lives amid society. Any daily needs are available in low market cost and can be welcomed by anyone. Various commodities are traded.

In Ngawi, there are totally 20 traditional markets with 6673 traders (ngawikab.bps.go.id 2019). Particularly, there are 438 traders in Beran Market consisting dasaran trader. These dasaran traders are the small ones usually displaying its commodities around the market, but they have no permanent store. They usually sell vegetables as their main commodity.

This Beran Market starts to be usually crowded from the morning at 02.00 to 10.00 a.m. The peak of market activities usually occurs in the dawn, because this market is the main market for vegetable vendor.

The profession of trader does not always result in money every day automatically. Sometimes the commodity is sold out quickly but some other times no one buys it. Such condition seems to be hard, particularly to small trader with small quantity of commodities and no permanent customer. Limited capital is one of main factors affecting the small trader's capability of maintaining their trading business.

In addition, many pressures are found in fulfilling daily life needs, children's need for education, health and social interests. It is then reasonable for the traders to look for a strategy to settle those needs.

In fact, many traders who are disadvantaged because of limited resource then prefer using easy and fast way of fulfilling the needs, particularly in the attempt of maintaining their business operation. This study aims to analyze what is the rational strategy of small traders to maintain their business sustainability in Beran Market, Ngawi Sub-district, Ngawi Regency of East Java Province, Indonesia.

MATERIALS AND METHODS

This study was a qualitative research. Data collection was conducted through interview and observation. The subject of research was market traders using payday lenders service. The subject of research was selected using snowball sampling technique.

RESULTS

One of rational choices made by traders for their business sustainability is to borrow money from payday lenders. Market is the place where economic activity occurs between traders and buyers. However, there are also other actors living and growing along with traders, payday lenders. Payday lenders existing in Beran Market are dominated by those who coming from Batak, usually called Mbatak by the traders.

Market has such elements as economic, social, cultural, and even political. In this study, in fact, the activity of borrowing money from payday lenders contains not only economic but also social and cultural elements. Debt culture is an option to fulfill the consumptive need through a specific exchange between borrower and lenders. The option has been a tradition and value system in mindset and lifestyle viewing debt as something positive. All subjects of research said that they cannot trade if they have no debt. It indicates that having debt particularly to payday lenders is not considered as negative by the traders. It is in contrast to those beyond market activities viewing having loan to payday lenders as something adverse and prohibited by the religion. Debt is an actual culture in daily life, so that people see debt as economic activity, social status, and even an indicator that an individual is trustable.

Payday lenders is a hope and something that always waited for by the traders as a solution to their trading business sustainability. Many advantages in accessing the payday lenders loan always become a distinctive appeal, such:

1. Flexibility, borrower can borrow any amount of money. However, in this case there is a certain criteria related to how much trust the payday lenders put in the potential borrower.
2. Not wasting time, unlike borrowing from the formal institutions such as bank requiring the borrower to come to the bank, the payday lenders will come the traders store place everyday.
3. The repayment can be done daily or weekly, according to the mutual agreement.
4. Without collateral, it is this that usually makes the traders prefer borrowing money from payday lenders. They can borrow money without any collateral, but they need copy of identity card or even not at all if the payday lenders have known the borrowers for a long time.

Meanwhile, the disadvantageous aspect to the traders is that the interest rate is high, up to 20%, although the traders know that the interest rate charged is much higher than bank, it does not preclude them from using payday lenders service. The traders said that the interest rate is high, but because it is collected everyday, it feels to be light.

Considering the economic factor, the traders take this action because they lack of capital and majority of them have urgent needs. Meanwhile, viewed from cultural factor, activity of borrowing to this payday lenders is conducted because it has been a culture since a long time ago. Many traders said that they borrow money from the payday lenders because others do so. Urgent need for a little amount of money encourages them to borrow it from payday lenders. The culture of borrowing money from payday lenders is difficult to remove, particularly in traditional market, due to their strong dependency on payday lenders.

There are two important points in rational choice theory: actor and resources. Of course, borrowing from payday lenders in this case in which they do so is with some consideration. They do so for certain purpose, particularly for circulating the capital to keep their trading business running. Utilizing the payday lenders's service due to the factors mentioned before is the reason why the traders finally prefer using the payday lenders's service.

Coleman said that an individual's rational action is sometimes considered as irrational by others. An individual's irrational action cannot be measured from others' point of view, but from that of the individual doing it (Ritzer, George, Douglas, 2004). In Coleman's rational choice theory, it can be seen that the basic idea is that an individual's action leading to an objective specified by value or preference.

It is similar to the traders rational choice to borrow money from payday lenders rather than from other formal institutions. People still stigmatize borrowing money from payday lenders as irrational.

Recalling that the traders are not interest servant but they are only concerned with their business sustainability, it is better for them to borrow money from the payday lenders than having no capital to trade in the following day. However, something often considered as adverse is instead in contrast to the traders assumption. Taking the choice, they consider as rational, the traders feel that it is an appropriate choice to maintain their business operation. Recalling that they are only small traders, they will not be qualified to borrow money from formal financial institution. So, the preference of borrowing money from payday lenders is the rational choice to the traders.

In addition to the actor's role, according to Coleman, resource is also an important element in deciding the rational choice. Resource is used to achieve the objective. Coleman emphasizes that when an individual takes an action, the action will utilize the resource owned to achieve an objective, meaning that the action is a purposive one. Economically, basic resource to the traders is capital, constituting the main aspect of business establishment or sustainability. Because of this inadequate resource, they try to look for some ways of maintaining their resource for the sake of business sustainability. Symbolically, their status as 'traders' encourages them to access payday lenders. Through borrowing money from payday lenders, the traders can maintain their resource.

CONCLUSION

The action of borrowing money from payday lenders conducted by the traders in Beran Market is a choice they consider as rational, because the choice is taken for the sake of their business sustainability. Nevertheless, there is still negative stigma against payday lenders among the members of society. Thus, a rational choice can be said as rational when it is taken in the attempt of maximizing their need. The rational choice made will result in certain consequence.

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