

Article

A Critical Study on the Proposed Policy Issue of Restricting Warung Madura: Perspectives of Political Economy and Social Impact

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Abstract: This study examines the proposed policy issue of restricting Warung Madura from economic, political, and social impact perspectives. The background of this research is the increasing number of Warung Madura, which has sparked discussions about their economic contributions and social implications. The objective of this study is to analyze the economic benefits and drawbacks of these small enterprises, understand the political motivations behind the proposed restrictions, and evaluate the potential social consequences for business owners and the local community. This research employs a qualitative methodology, including literature reviews and interviews with stakeholders, to gather comprehensive insights. The findings reveal that Warung Madura plays a significant role in the local economy by providing affordable goods and creating job opportunities. However, concerns exist regarding market competition and regulatory compliance. Politically, the proposed restrictions appear to be driven by pressure from larger retail businesses and urban development plans, raising questions about equity and inclusivity in policy-making processes. The discussion highlights the complex interplay between economic benefits and political interests, emphasizing the need for a balanced approach that considers the livelihoods of Warung Madura owners and broader community welfare. The study concludes that policy decisions should be based on a thorough understanding of the socio-economic landscape and inclusive of marginalized voices to prevent unintended negative consequences. This research contributes to the discourse on urban economic policies and social equity, providing a foundation for more equitable and sustainable policy formulations in the future.

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1. Introduction

Ipsos Report December 2023, Global Consumer Confidence Index which is a measurement tool developed by market research company Ipsos to evaluate the level of consumer confidence in various countries including Indonesia. The index measures consumer perceptions of current economic conditions and future prospects, covering

several important aspects such as employment, personal finances, and spending intentions. key economic indicators that reflect consumer perceptions of current economic conditions and future expectations. It is an important factor in driving consumer appetite for spending and influencing business and industry activity. The Consumer Confidence Index has become particularly important in the context of the Covid-19 pandemic, where the CCI has shown an improvement despite still being in the pessimistic zone [1]. The Consumer Confidence Index is also influenced by consumer borrowing, which can boost confidence by easing liquidity constraints and increasing consumption levels. [2]. Expectations for the future, rather than hindsight judgements, have a stronger impact on the Consumer Confidence Index [3].

The data obtained from this index is useful for policymakers, economic analysts and businesses to understand the dynamics of consumer behaviour and plan strategies accordingly. In the latest Global Consumer Confidence Index 2023 report looking at consumer sentiment measured across 29 countries, India had the highest consumer confidence score this month with a value of 64.3. We can see in figure 1 that Indonesia is in second place with a score of 63.9. These scores show that consumers in India and Indonesia feel very optimistic about the economic conditions in their countries [4].

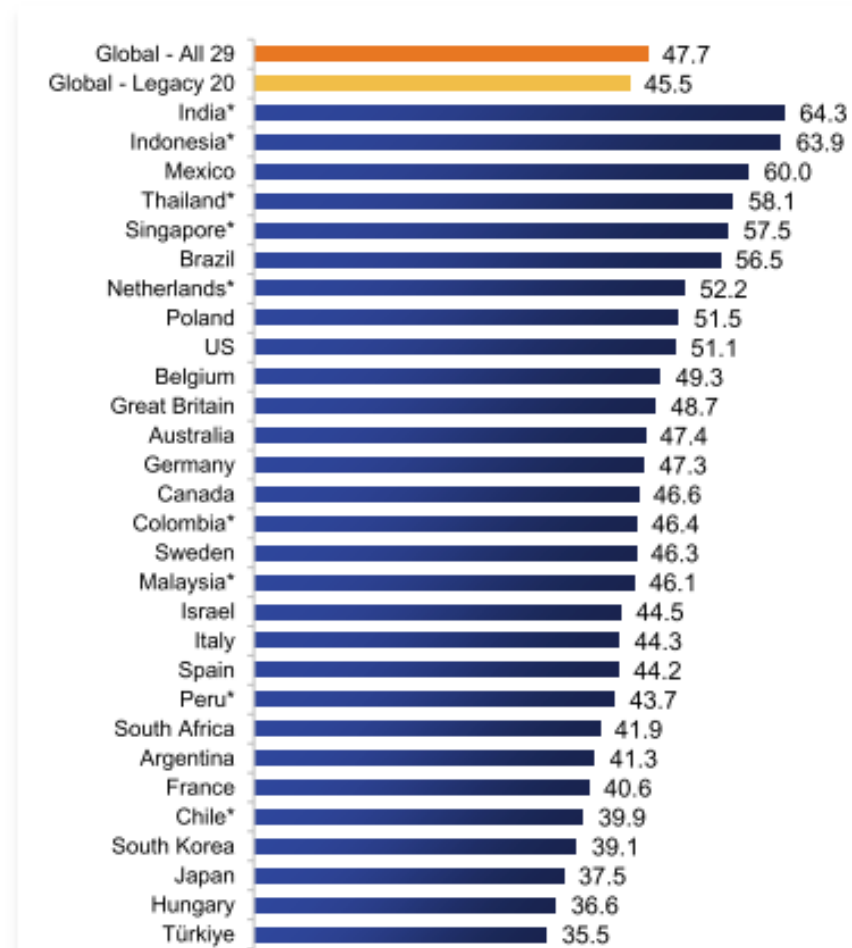


Figure 1. Global Consumer Confidence Index December 2023

Indonesia having a higher score after India indicates a greater level of consumer confidence. In addition, this index provides an explanation that more optimistic consumers tend to have a positive outlook on the future. A positive outlook sets the tone for economic stability where consumers feel that economic conditions in their country are stable and will not experience major problems in the near future. In the individual view of personal finances, consumers believe that their personal financial situation is good and will remain good or even improve.

This impacts the labour market outlook as consumers believe that job opportunities will remain available or increase, which means employment will stabilise or grow. So, if the index shows a high score, it means that consumers in the country feel confident and positive about the state of the economy, their personal finances, and future job opportunities.

This was reinforced by the Ministry of Finance's report that in March 2024, the Real Sales Index (RSI) increased by 3.5% (yoy) to 222.8 (compared to February 2024: 214.1). This positive growth was driven by the Clothing Subgroup, the Parts and Accessories Group, and the Motor Vehicle Fuel Group. In addition, consumer confidence in economic conditions has also increased compared to the previous month. This can be seen from the March 2024 Consumer Confidence Index (CCI) which reached 123.8, higher than 123.1 in the previous month [5].

Consumer trends, technological improvements, and geopolitical influences, have influenced the history of supermarkets and convenience stores [6, 7]. In America federal agriculture encouraged contract farming and centralised purchasing, which led to the growth of grocery chains such as A&P. Geopolitical factors, such as the Cold War, also impacted the international expansion of the supermarket model in the mid-20th century [7]. Whereas in France between 1945 and 1973, the retail industry underwent tremendous change, with the government having a major influence on retail regulation [8].

Around the 1970s, markets in Indonesia were dominated by traditional markets with no modern markets such as supermarkets. It was only in the 1980s that the concept of modern markets in the form of supermarkets began to enter Indonesia, and in the 1990s hypermarkets emerged, which offer a larger number of goods and are more complete than supermarkets. Minimarkets arrived in Indonesia in the 2000s and now number in the thousands across Indonesia, especially in the Western and Central regions. A similar trend is likely to occur with the entry of convenience store concepts such as 7-Eleven and Lawson, which offer more convenience and ready-to-consume goods on the spot [9].

In 2015, grocery stores began to reappear, which had previously been sluggish due to the presence of minimarkets in the 2000s. Madurese shops or Warung Madura (hereinafter Warung Madura) have become common on second-class roads in various major cities in Indonesia, such as Jakarta, Bandung, Cirebon, Semarang, Yogyakarta, Surabaya, and Timika. In fact, according to some information, similar Warung Madura have also started to appear in Jeddah, Mecca, and Medina. [10].

As the name implies, Warung Madura comes from one ethnic group with kinship or cultural similarities, namely the Madurese ethnicity. Warung Madura is basically a grocery store that offers various products such as food, drinks, and other daily necessities. However, the difference with other grocery stores is that Warung Madura also provides fuel oil (BBM) products for motor vehicles. In some cities, petrol is sold in the form of bottles (retail), while in some big cities, automatic dispenser machines are used [10].

Data from the Ministry of Cooperatives and SMEs in 2020 shows that Warung Madura contributes almost 60% to Indonesia's gross domestic product, with a value of IDR 8,563 trillion. In addition, warungs also create jobs for around 97% of the domestic workforce. One type of warung that is commonly found in the community is Warung Madura, which generally sells a variety of basic needs [11].

Data such as consumer confidence scores in Indonesia and data from the Ministry of Cooperatives and SMEs seem to contradict the news that was blown up, namely limiting Madura Warung. Although the news of the plan to restrict Madura Warung was eventually rejected, it is interesting to analyse the economic benefits and drawbacks of these small enterprises, understand the political motivations behind the proposed restrictions, and evaluate the potential social consequences for business owners and the local community.

2. Materials and Methods

Critical studies approach research in social science adopts a qualitative approach as its main methodology. This approach allows researchers to explore and understand social phenomena in depth, especially in the context of public policy and political power. Qualitative methodology is used to collect in-depth and contextualised data, which can provide better insight into the complexity of the phenomenon under study. A thorough literature review was an important first step in this research, as it allowed the researcher to understand the development of existing theories and related research, as well as gain a better understanding of the social, political and cultural context of the phenomenon under study. In addition, the use of interviews as a data collection method allows the researcher to gain first-hand perspectives from stakeholders, such as policy makers, community activists, or affected groups. Through this combination of qualitative methodologies, critical studies approach research can generate a deeper understanding of the dynamics of public policy and political power in society.

3. Results and Discussion

Analyze the economic benefits and drawbacks of these small enterprises.

Analysing the plan to limit Warung Madura can be seen in several Economics journal articles. The power of capital owners is a key factor in evaluating control and productivity in the accumulation process [12, 13]. Capital as power focuses on capitalisation as an expression of owners' evaluation of their own power. In this article, it is argued that the power of owners translated into capital value is power over the human and non-human components of the production system. Power is actualised through entities defined as cultural and political, as well as economic. This power is not only economic, but also extends to the realms of culture and politics, and is actualised through the entities involved in production [12]. The concept of power ownership, which encompasses legal, economic, political, and philosophical aspects, is proposed as a way to overcome the competition between the state and the market for human resources [14].

The significant economic contribution of these small businesses is felt by families and neighbouring communities. Informants stated that income from the stalls helps fulfil their daily needs and pay for their children's education. These stalls are an important support for the household economy, especially among people whose income is uncertain.

In addition, small businesses such as these Madurese stalls also provide employment for several employees, despite their relatively small scale. The existence of these stalls provides employment opportunities for local people who may have difficulty finding work elsewhere. With this employment, the unemployment rate in the area can be slightly reduced, which in turn helps to improve the overall welfare of the community. The best-selling items at these stalls include groceries, cigarettes, and gas, with steady sales due to the 24-hour operation. Basic necessities such as groceries and fuel are the main products sought after by customers, while cigarettes remain a hot-selling product despite often being heavily regulated. The continuous 24-hour operation also ensures that customers' urgent needs can be met at any time, enhancing the stall's appeal.

However, competition with other stalls and supermarkets is starting to be felt. With more and more similar stalls appearing in the neighbourhood, competition has become tougher. In addition, the presence of large supermarkets that offer competitive prices and shopping convenience is also a challenge. Stall owners must continue to innovate and maintain service quality to keep attracting customers. Nevertheless, stall owners remain optimistic about their income. They believe that sustenance will not be switched and every business has its own customers. This optimism is an important asset in running a small business in the midst of increasingly fierce competition. Shop owners also try to always maintain good relations with loyal customers and continue to look for ways to improve services.

Understand the political motivations behind the proposed restrictions.

To understand the motivations behind the Madura Warung restriction plan, we need to look at research on the interests of political power in policy that reveals a complex interplay of factors. Allern found that parties in power are more likely to form alliances with interest groups, and the strength of this effect is conditioned by power. Allern also found that groups often form routines with different parties in different policy areas and that closeness of preference on relevant policy dimensions is positively related to the existence of lobbying routines in a particular area [15].

Fewehinmi writes about the study of understanding and policy by showing the critical impact of power and politics in the process of understanding. In addition, the article links power distance to the process of understanding, highlighting how power differences influence the way individuals and groups make sense of situations and information. The implications of these research findings for policy practice are also discussed, providing valuable insights for the development of more effective and inclusive policies [16].

In addition to the above factors of political power, it is also necessary to look at elite groups. This is because the elite of society remain at the top and forcefully take space in the decision-making process, directing and instructing the masses as well as administrators and dragging power into their own hands, including the current technological developments that have taken the world in a new direction, including government decision-making [17]. The elites manipulate the opinions and sentiments of the masses. They rule the masses. Elite theories not only introduce elites, but also important new subjects such as power, and ask questions, for example about oligarchic tendencies in democracy [18].

With the theory mentioned above, the political motivation behind the government's Madura Warung restriction plan is perceived by warung owners as pressure from big businesses such as supermarkets that feel threatened by the low prices offered by small warung. The warung owners feel that there are big forces driving this policy, which seeks to protect the interests of big businesses from competition with small businesses. The low prices offered by small stalls are perceived as a threat to supermarkets, which are trying to maintain their dominance in the retail market.

There was no involvement of the stall owners in this policy discussion, indicating a lack of government transparency and accountability. The warung owners felt that they were not invited to participate in the policy-making process that greatly affects their livelihoods. This reflects a lack of inclusivity in the decision-making process, where the voices of small businesses are often ignored. The government is perceived to lack a fair and open dialogue with all affected parties.

One informant considered that this restriction plan is unfair and driven by certain interests that want to suppress small stalls so that big businesses remain dominant. Research has consistently shown that public policies often favour big businesses, which have greater resources and influence to affect such policies [19, 20, 21, 22] This is evident from the inverse relationship between the concentration of economic activity and business tax choices. [19], tax advantages for big business [20], and the impact of industry structure on political influence [21]. In addition, large corporations can exercise structural power through capital strikes, influencing political appointments, legislation, and policy implementation [22]. These findings underscore the need for greater oversight and regulation of the influence of big business on public policy.

Warung Madura informants felt that the proposed restrictions not only threatened the viability of small businesses but also reflected unfairness in the treatment of businesses of different scales. This informant emphasised that this kind of policy should consider the welfare of all parties, not just benefit a handful of big businesses.

Evaluate the potential social consequences for business owners and the local community.

Socially, Warung Madura has strong support from the local community. They have become an important part of people's daily lives, providing easy and quick access to basic necessities. With warungs operating around their neighbourhoods, people feel more comfortable and assisted in fulfilling their daily needs without having to travel far. The community feels helped by the existence of stalls that provide daily necessities, especially outside the operating hours of big stores. This is what is crucial in looking at the consequences of social potential, namely seeing that the distribution of goods and the accessibility of goods are important factors in regional development [23].

This is especially important for those who need urgent items at night or when big stores are closed. Warung Madura is a practical solution for many emergency situations, such as running out of food, gas, or other urgent needs at unexpected times. The plan to limit their operating hours could have a negative impact, such as difficulty in obtaining urgent goods at night. The plan to limit operating hours could reduce the community's accessibility to basic needs at critical times, which in turn could cause inconvenience and uncertainty.

People who have become accustomed to relying on Warung Madura as a source of their daily needs will feel the direct impact of the policy. Both stall owners hope that the government will not impose the restriction plan and rather support healthy competition and social justice. Social justice according to Møller and Taliashvili, emphasises the role of competition in promoting fairness and equality in society, with Møller specifically highlighting the competitive nature of humans [24, 25]. However, Dolmans introduces a paradox, which suggests that the concept of fairness in competition is inherently subjective [26]. Lianos complicates this issue by discussing the tension between competition law and social regulation, arguing that a fairness-driven approach in competition law [27].

Informants argued that the planned restrictions will harm not only them as business owners, but also the local communities they have been serving. Shop owners urged the government to reconsider this policy and prioritise the principles of fair competition and social justice in any decisions made.

4. Conclusion

Analysing the economic benefits and drawbacks of Warung Madura, it can be concluded that the significant economic contribution to families and the surrounding community is an important point. The income from the warung helps fulfil daily needs and children's education costs, while providing employment for some employees. Although competition with other warungs and supermarkets is felt, owners remain optimistic about their income. However, the political motivation behind the government's planned operational restrictions suggests pressure from big business to maintain their dominance. The lack of transparency and involvement of warung owners in policy discussions raises concerns of unfairness and lack of inclusivity in the decision-making process. Socially, the strong support of the local community for Warung Madura highlights its important role in providing access to daily necessities, while the planned operational restrictions could disrupt the availability of urgent goods, causing negative impacts on the local community. Therefore, it is important for the government to consider the diverse economic and social impacts before implementing policies that affect small businesses such as Warung Madura.

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