

THE COST AND BENEFIT ANALYSIS OF MODERN RETAIL ARRANGEMENT POLICY IN INDONESIA: A JURIDICAL AND EMPIRICAL REVIEW

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Abstract

The rapid growth of minimarkets has increased their competition with traditional markets, leading to several issues in different regions. However, it is important to note that this does not imply a need to completely stop their operations, but rather that the government needs to formulate and implement policies for modern retail arrangements. The objective of this research was to analyze policies that can provide benefits to the existence of modern retail. In order to achieve this objective, a qualitative research method was adopted, utilizing both primary and secondary data. The results showed that there are specific dimensions that are essential for implementing beneficial modern retail arrangement policies. One of these crucial dimensions is the leadership aspect, which necessitates the involvement of leaders, especially regional leaders with effective strategies and capabilities, to facilitate business operations with minimarkets. This facilitation can take various forms, including licensing, registration, partnership, and financing, all aimed at enabling modern retail to effectively bring economic benefits to the local community.

Keywords: Policy, Arrangement, Modern Retail

INTRODUCTION

Information and technological development transform different aspects of human life, including the buying and selling activities within markets (Hoang, Barnes, Munroe, Hoang, & Barnes, 2019). Consequently, this transformation has prompted diverse restructuring endeavors in markets through the utilization of technology (Chadwick, 2016). It was observed that retailers worldwide, both large and small, continue to explore new ways to enhance the shopping experience for consumers. These include the adoption of different business models and the development of new concepts to adapt to changing preferences of their consumers. Furthermore, with the integration of the latest technology to enhance efficiency within stores, there is a growing and ongoing demand for faster and more convenient services. This innovative approach drives the continuous evolution of the modern retail market, ensuring it can effectively meet the ever-increasing consumption needs of households (Hutchison, 2014). Schipmann & Qaim (2011) and Baker, Storbacka, & Brodie (2018) added that modern retail is capable of responding to and adapting to a complex environment. The phenomenon was consistent with the findings of Fava et al. (2016) in Southern and Western European countries that the retail market became significant due to population density as indicated by the emergence and development of convenience stores. The same trend was observed in Paris, where retail markets were built near urban centers due to the higher population density. It was also reported in other areas such as China that modern retail served as a marketing agent for vegetable farmers (Lu & Trienekens, 2010).

In Indonesia, modern retail is dominated by Alfamart and Indomaret which has continued to grow due to the addition of more stores (Heru Andika, 2018). This was confirmed by the Nielsen Retail Audit data that the number of Indomaret stores increased by 300 units to 15,526 in June 2018, Alfamart by 32 units to 13,522 stores, and Alfamidi by 59 units to 1,478 stores compared to the figures recorded at the beginning of the year. Moreover, PT. Sumber Alfaria Trijaya Tbk (AMRT) added 47 new Alfamart stores in the first three months of 2019, bringing the total to 13,726 stores. Despite the closure of large retail company stores due to sluggish sales, Alfamart continued to show expansion by opening new stores every year. Therefore, Alfamart and Indomaret were selected as the objects of this research in addition to the fact that they have similar operational structures, consisting of Store Managers, Assistant Store Managers, Merchandisers, Cashiers, and Shop Assistants (Muryuniarsih et al., 2014).

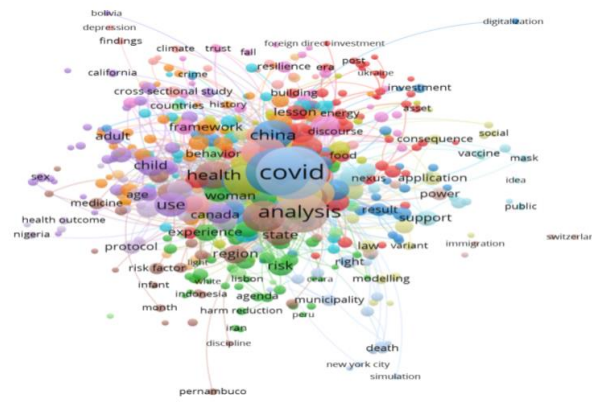
The rapid growth of the minimarkets increased their competition with traditional markets, leading to several issues as identified in previous research by Utomo (2011), Wulandari & Meydianawathi (2016), Apsari, Pascarani, & Winaya (2017), Mahmudah Masyhuri (2011), Mujahid (2018), as well as Astuti, Veronica Sri, and Septiandika (2019). Some of these issues include (1) declined turnover or sales of traditional markets, particularly small traders, resulting in losses, (2) reduced income for business actors, specifically retailers of uniform products such as raw materials, (3) trade monopolies, (4) accumulated goods in warehouses due to slow sales turnover, (5) decreased number of traditional markets, and (6) marginalized traditional markets. Hadif Nst (2018) also stated that the presence of Alfamart threatened the existence of traditional markets due to the sale of similar products at lower prices as well as the attractiveness of promotions and discounts designed to entice consumers to shop more at modern retailers. Moreover, Aryani (2011) compared the situations before and after the emergence of minimarkets and found that the income of traditional traders declined significantly due to their existence.

The negative impact on the traditional markets does not mean minimarkets should be completely stopped from operating due to several reasons as observed in the case of countries like America. According to Todd (2006), modern retail companies employ the most workers in America compared to other industries. Alexander et al. (2008), Mphela & Shunda (2018), Lange et al. (2019), and Peters et al. (2019) also noted that governments supported the establishment of supermarkets as a means of promoting food. In Indonesia, minimarkets were observed to have a positive influence on economic value as indicated by the increase in land prices, the growth of local businesses, and job creation (Sugara, 2018). From the perspective of the community, minimarkets offer assurance in terms of product quality, quantity, and information (Kusumawati, 2013). Moreover, the emergence of minimarkets such as Indomaret and Alfamart was not completely associated with negative impacts, specifically for micro, small, and medium enterprise (MSME), due to the provision of partnership opportunities. These were observed to include the (1) marketing of MSME products packaged or repackaged using the owner's brand, modern store brands, or other agreed-upon brands to enhance sales and (2) marketing of MSME products through displays or outlets in minimarkets (Kurniawan, 2019). Given this situation, the government needs to strategize and implement policies to allow the existence of minimarkets to benefit the local economy. According to Pesmazoglu (1967),

governments should play a key role in controlling the modern market through the formation of laws to avoid monopolies. Erie et al. (2010) and Beynon et al. (2020) also suggested that the government should initiate partnerships to promote local products. In line with these suggestions, the Indonesian government formulated regulations outlined in the Minister of Trade Regulation Number: 53/M-DAG/PER/12/2008 regarding Guidelines for the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores. Article 1, point e, with the emphasis on the need for partnerships with local MSME.

Article 11, letters a, b, c, and d in Law Number 20 of 2008 concerning MSME states that modern markets should engage in business activities through partnerships with MSME to achieve mutually beneficial transactions. This is important because of the significant role possessed by MSMEs in growing the economy of an area (Indriyaningrum, 2008; Chrismardani, 2014) and the challenges it faces in relation to financing, training, lack of resources, and marketing (Chawinga & Chipeta, 2017). It was further noted by Osborne (2008) that partnerships served as a bridge for businesses with limited resources. This was observed to have been the basis for most of the relevant research conducted in developing countries (Chiware & Dick, 2008). The research conducted to examine the UMKM in Indonesia was also found to be highly relevant to the context of minimarkets. Moreover, several research extensively focused on public policies in the world as indicated in the following diagram.

Figure 1: Article Mapping



Source: Database Scopus, 2023

The visualization in the figure was based on the research articles published on public policies in the Scopus database. However, it was discovered that those specifically conducted to address modern retail were limited. The search results showed that the topic most frequently researched concerning modern retail and minimarkets was MSME. Meanwhile, no research explained the specific connection between MSME partnership concepts and minimarkets. This knowledge gap has piqued the interest of scholars to explore the importance of partnerships (Carroll et al., 2005) with extensive research discovered to have been generally conducted in different fields such as cross-cultural contexts (Bernstein & Ortman, 2020), healthcare and social sectors (Rummery, 2006), agriculture (Syarifuddin, 2016), and education (King, 2004). Several others

focused on partnerships between teachers and students in education (Kukkonen, 2020), library management (Buwule & Mutula, 2019), as well as between companies and NGOs (Nielsen & Neergaard, 2018). It was also noted that partnerships had the ability to create market access and promote MSME development (Sándor-Kriszt, 2000; Matlay, 2002), ensure the survival of MSME (Walgenbach, 2012), support economic growth (Pugalis & Bentley, 2013), reduce operating costs and enhance customer satisfaction (Rezaei et al., 2018), serve as an effective strategy for interconnectivity (Holman, 2013), address social issues (Brinkerhoff, 2008), and mutually benefit all parties involved (Muhadjir Anwar, 2020).

THEORETICAL REVIEW

Literally, the term "retail" originates from the French word "ritellier" which means to cut or break something. In terms of implementation, retail refers to the effort of breaking down goods or products produced and distributed by manufacturing companies in large quantities into smaller quantities suitable for consumption by end consumers according to their needs (Utami, 2010). Berman and Evans (2003) defined retail as "those business activities involved in the sale of goods and services to consumers for their personal, family, or household use". This means the concept encompasses all business activities related to selling goods and services to consumers for their personal, family, or household use.

In the context of business activities, Davidson (1988) stated that when more than 50% of an institution's sales were directed toward consumers for their personal and family needs, it fell under the retail category. This concept can be understood in two ways: (1) direct sales to consumers, and (2) consumers purchasing products for personal use rather than for resale.

Currently, the most popular modern retail format in Indonesia is the minimarket. It was described by Naully and Irawati (2007) as a modern store offering a recreational shopping concept or a shopping experience close to home. A minimarket is usually equipped with different facilities such as cash withdrawals and payment options using debit cards. Several even have children's play areas and offer promotions or additional benefits. Due to the large potential market in Indonesia and the growing middle and small-income businesses, there is an increasing number of upper-middle-class individuals that have adopted a modern retail shopping lifestyle, including shopping at minimarkets. This has made minimarkets the most aggressive type of modern retail in terms of expansion and implementation of franchise systems to scale up their operations, thereby leading to competition with supermarkets and hypermarkets, and ultimately strengthening their bargaining power with suppliers (Muryuniarsih & Rahman, 2017). Minimarkets such as Alfamart and Indomaret are dominating several regions of Indonesia as indicated by the continuous growth and strong presence in the modern retail market (Muryuniarsih & Rahman, 2017; Mujahid & Nurdin, 2018; Andika, 2018).

RESEARCH METHOD

This research was conducted using a qualitative design with a case study approach (Yin, 2003; Creswell, 2014) to obtain comprehensive information regarding the policy related to modern retail arrangements. The aim was to comprehensively explore a specific case using primary data collected through interviews with different stakeholders such as government officials, minimarket companies, and the communities in Lebak Regency. Moreover, secondary data were also retrieved by reviewing policy documents and literature from online sources.

DISCUSSION

The government has the authority and power to regulate certain activities within its jurisdiction. This can be achieved by enforcing specific rules to be followed by other parties in conducting their activities. The regulatory frameworks implemented by the Indonesian government concerning modern retail arrangements are stated in the following table:

Table 1: Regulatory Frameworks

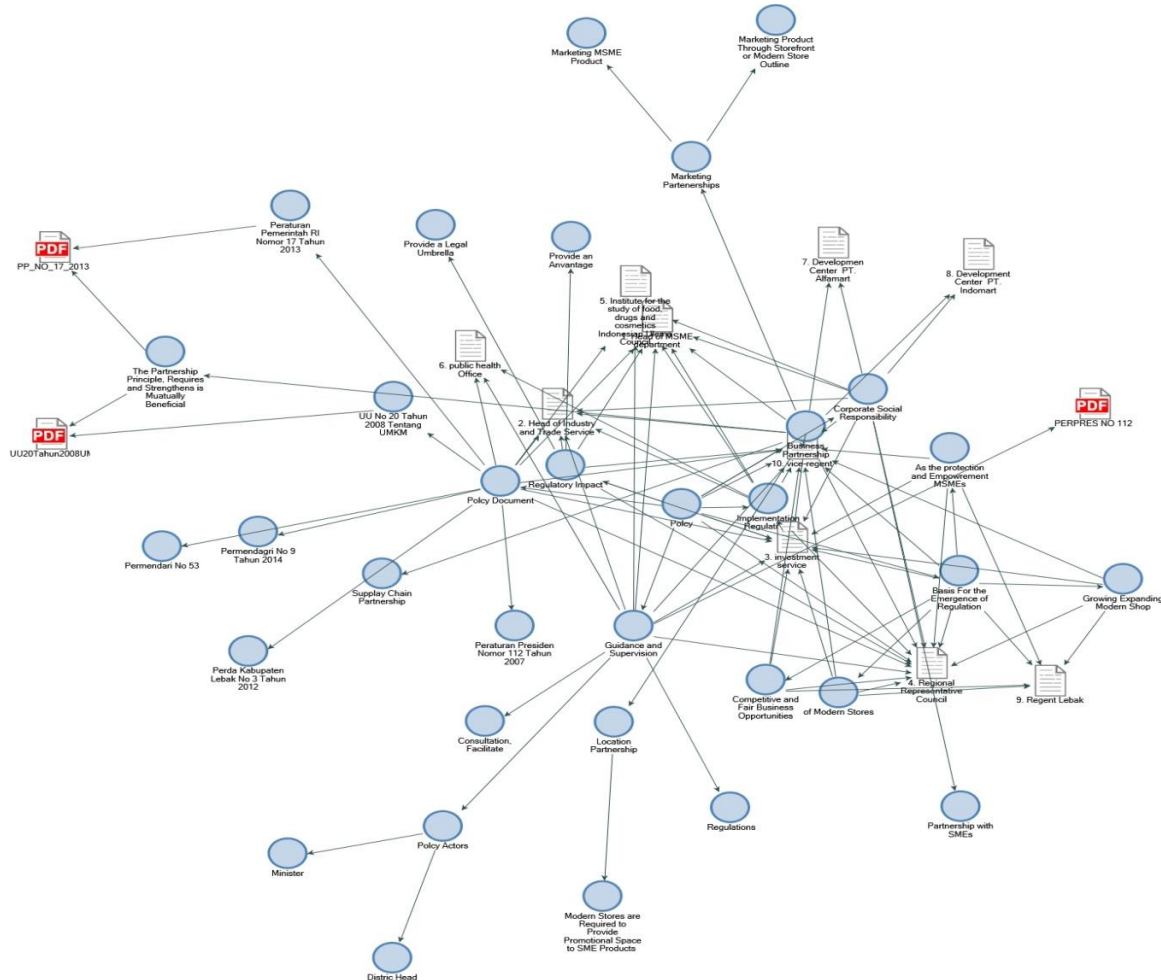
No	Policy	Scope
1	Presidential Regulation Number 112 of 2007 on the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores	Article 6 states that Shopping Centers are required to provide business spaces for small businesses at a selling price or rental cost considered appropriate for their capacity, or that can be utilized by small businesses through other forms of cooperation in the context of partnerships. Furthermore, in Article 11, it is mentioned that to create fair, mutually beneficial, and pressure-free cooperation between Suppliers and Modern Stores, the Government and Local Government may facilitate the interests of Suppliers and Modern Stores in negotiating cooperation agreements.
2	Minister of Trade Regulation Number 53/M-DAG/PER/2008	Article 8 emphasizes the need for partnerships as a form of business cooperation between small, medium, and large enterprises, accompanied by mentoring and development by medium and large enterprises with due consideration for the principles of mutual need, reinforcement, and benefit. In Article 5, it is explained that (1) Partnerships with general trade patterns can be conducted in the form of marketing cooperation, provision of business locations, or open acceptance of supplies from Suppliers to Modern Stores.
3	Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprise	Specifically, this regulation explains the need for the development of a business climate through funding, facilities and infrastructure, business information, partnerships, business licensing, business opportunities, trade promotions, and institutional support. The government should also promote business development by facilitating production and processing, marketing, human resources, and technological design. The partnership between the Government, Local Government, Business World, and the community is necessary to facilitate, support, and stimulate partnership activities based on mutual need, trust, reinforcement, and mutual benefit. (2) Partnerships between MSME as well as between MSME and Large Enterprises should focus on transferring skills in production and processing, marketing, capital, human resources, and technology.

		This policy emphasizes that MSME needs to be empowered through (a) the growth of a business climate that supports the development of MSME and (b) the development and mentoring of MSME. To enhance the capabilities and participation of MSME in the national economy, this empowerment needs to be implemented comprehensively, synergistically, and sustainably by the Government, Local Government, Business World, and the community.
4	Government Regulation Number 17 of 2013 on the Implementation of Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises	The regulation was established by the government and local government to foster a business climate empowering MSME synergistically through the establishment of various laws and policies concerning different aspects of economic life as well as the provision of maximum support, certainty, opportunities, protection, and business support.
5	Commission for the Supervision of Business Competition Regulation Number 01 of 2015 on the Procedures for Monitoring the Implementation of Partnerships	This policy emphasizes that partnership implementation is based on the principles of need, trust, reinforcement, and mutual benefit. The supervision by the commission includes large enterprises expanding their businesses through franchise arrangements, providing opportunities, and prioritizing MSME that has the capacity. Moreover, franchisors are required to provide continuous mentoring in the form of training, operational management guidance, marketing, research, and development to franchisees.
6	Regional Regulation of Lebak Regency Number 3 of 2012 on the Protection and Empowerment of Traditional Markets and the Arrangement of Shopping Centers and Modern Stores	Considering the objectives and purposes of the regional regulation, they include providing legal certainty for business actors to develop their businesses while providing protection and empowerment to Traditional Markets and MSME, as well as ensuring a balance between the growth of large, medium, and small trading businesses. The objectives are (a) to create order, balance, and justice in the implementation of trade businesses, both for sellers and buyers, (b) to enhance the participation and entrepreneurial spirit of local business actors, and (c) to preserve and maintain the environmental sustainability. Article 18 states that companies need to have a corporate social responsibility to provide employment opportunities and empower the local community, franchised Minimarkets, and/or branch Minimarkets.

Source: JDIH, 2023

These policy documents were analyzed and the findings are presented in the following figure.

Figure 2: Policy Document Coding



Source: Processed Data, 2023

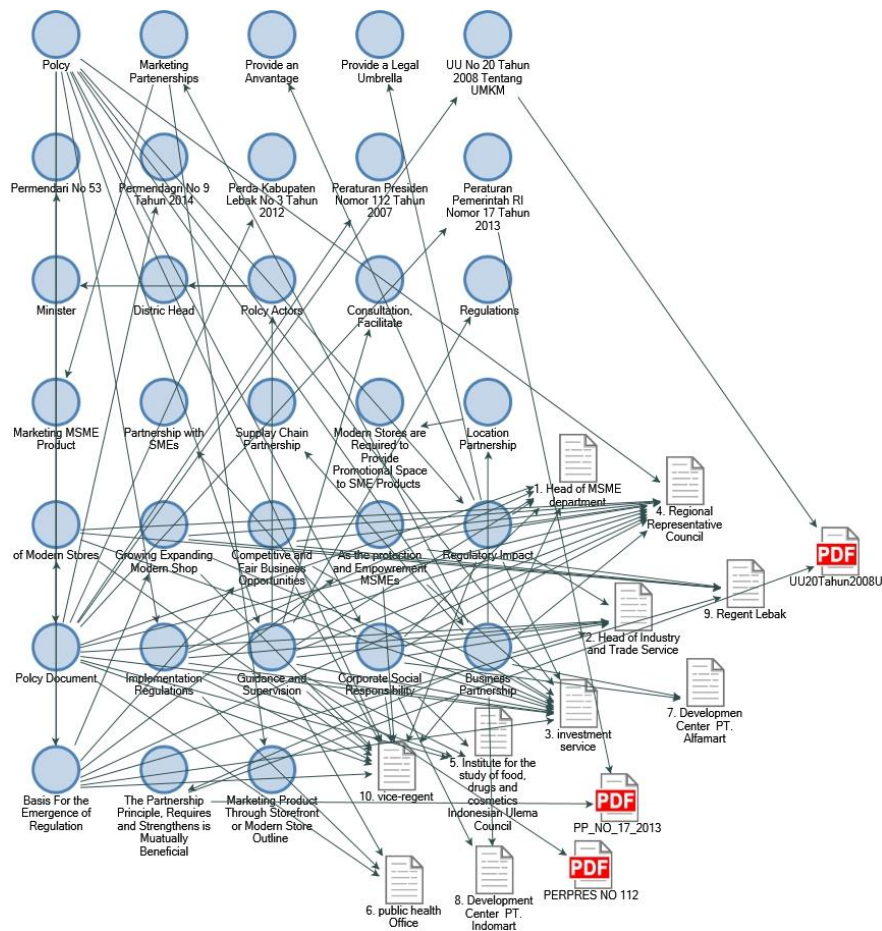
The juridical review showed that the arrangement of modern retail had legal grounds in the form of regulatory policies. This was observed to be in line with the suggestion of a previous research that company development required formulating appropriate policies (Metaxas & Duquenne, 2015). It was also noted by Quinn, Dunn, McAdam, McKitterick, & Patterson (2014) that the implementation of public/private partnership programs could enable micro-enterprises to collectively benefit from government assistance. This was determined through a theoretical and practical research of policies on food support programs for small (micro) food businesses and their impact on business development and innovation in Ireland. Another research showed that government policies could significantly influence the types and quality of businesses to be established in a country or region (Smallbone & Welter, 2010). It was further argued that small business policies should be designed to assist small companies overcome growth barriers (Crichton, 2007; Kaikkonen, 2006) and enhance their ability to innovate, ultimately contributing to regional competitiveness (Bennett, 2008). In a different context, the

emergence of modern retail such as PT Alfaria Trijaya and PT Indomarco minimarkets have undeniably generated several issues in different regions of Indonesia as indicated through the review of literature from online media sources. It was discovered from the literature review that the existence of minimarkets generated both pros and cons. For example, their presence in the residential areas of Malang was significantly opposed. A total of 26 stores from two villages were reported to have rejected the establishment of minimarkets based on the argument that the process can eliminate small businesses (Sasongko, 2015). A similar trend was also observed in other regions with several people found to be protesting against the establishment of minimarkets based on the assumption that their existence can bankrupt small businesses and make them struggle to compete against bigger investors (Dahlan, 2017). It was also reported in Pekanbaru City that the residents and small traders opposed the presence of Indomaret because they were concerned with the sustainability of the businesses. Consequently, the Pekanbaru City Government and other officials were urged to close down retail businesses. Moreover, the residents and several community organizations such as the Community Empowerment Institute, Savings and Loan Village Economic Business, Communication Forums of Neighborhood and Hamlet, Family Welfare Empowerment, Youth Community, and Majelis Taklim Contact Agency of Simpang Empat Village also rejected the establishment of minimarkets. This was indicated in the letter sent by the residents to the Mayor of the Pekanbaru City Government, the Integrated Licensing Agency and Investment, the Regional Parliament of Pekanbaru City, the Civil Service Police Unit, the Head of Pekanbaru Kota Subdistrict, the Head of Simpang Empat Village, and other relevant parties. It was also discovered that Nurasandi, the Chairman of the Community Empowerment Institute of Simpang Empat village, voiced the objection of the residents to the presence of Indomaret due to its ability to harm small economic enterprises (Romi, 2022). In a similar case, a notification letter No. 510/05905/436.7.21/2021 issued by the Surabaya City Trade Office on March 12, 2021 to the management of supermarkets or modern stores was reported to have generated concerns among MSMEs selling their products on the premises of minimarkets. In response to these concerns, the representatives of MSME operating as partners of modern stores complained to the Commission B of the Regional Parliament of Surabaya City because they were not allowed to sell their products (Nuryanto, 2021).

This information showed the need to implement modern retail arrangements in resolving these problems. The importance of problem-solving efforts was also noted in the theoretical concepts used by van Buuren, Boons, & Teisman (2012). Similarly, Choi (2020) showed that an aspect of governance was to solve problems, including the challenges posed by the COVID-19 pandemic. It was also stated that both public and private sectors needed to be involved in the process in addition to the legal and cultural aspects (Ansel & Gash, 2007; Vangen & Huxham, 2003). This was discovered to be in line with the findings of previous research that governance and multisectoral involvement were necessary to address issues related to urban settlement (Brink, 2018), the environment such as water supply availability (Koebele, 2015; Greenway, 2021), river management (Woldesenbet, 2018), the connection of buyers and suppliers (Miguel, 2017), and healthcare field (Frankowski, 2019). The concept was found to be important in understanding the complex issues associated with public services (Moura e Sá et al., 2020).

It was also discovered empirically that there was a high need for collaboration between the government and multiple actors (Broccardo et al., 2019), even at the local government level (Handa et al., 2012). This was also observed in research conducted on water management where unilateral management was the norm (Yeboah-Assiamah et al., 2018) as well as in other circumstances such as the institutional governance (Keswani, n.d.) and cross-institutional collaboration in the health sector (Elizabeth C. Whipple¹, Mirian Ramirez¹, 2022). Meanwhile, the diversity of institutional structures was observed to be influencing the implementation of the collaboration (Baird et al., 2019). For example, the establishment of partnerships between minimarkets and MSME was based on the regulatory legitimacies governing the roles of institutions as discussed by Buchanan & Keohane (2006). The analysis of the information retrieved through interviews showed that the operations of minimarkets in Lebak Regency could not be stopped as indicated in the following figure and table.

Figure 3: Coding of interview results



Source: Processed Primary Data, 2023

The interviews conducted with several informants from the government, companies, and the community led to the following findings.

Interview Results	
Pro	Cons
“Lebak Regency facilitates investment opportunities for business actors. The presence of minimarkets can serve as an opportunity to recruit local workforce and for business actors to establish mutually beneficial businesses for the local community.”	
“The government has put in place policy regulations, such as Law No. 20 of 2008 on MSME, to provide a legal framework. It requires a comprehensive, optimal, and sustainable implementation to develop a conducive business climate, and opportunities for entrepreneurship, as well as to support, protect and extend the development of businesses. This is expected to enhance the position, role, and potential of MSME in achieving economic growth, income distribution and improvement, job creation, poverty alleviation, and a more dynamic economy. Therefore, the local government, based on Regional Regulation No. 3 of 2012 concerning retail center arrangements, emphasizes the importance of establishing partnerships between MSME and minimarkets to create a synergistic and mutually beneficial business environment.”	
“...the presence of minimarkets is an investment for the economic advancement of Lebak Regency. For instance, an Indomaret requires approximately 10 to 20 employees. This is undoubtedly an opportunity for unemployed residents.”	
“The government has regulations developed as legal frameworks for protection in order to create a mutually beneficial business environment. An example of this is the Presidential Regulation No. 12 of 2007 concerning the arrangement and development of traditional markets, shopping centers, and modern stores. The regency government also implemented Regional Regulation No. 3 of 2012 concerning retail center arrangements emphasizing a synergy between modern markets, particularly minimarkets and MSME actors. The implementation requires that the local government provide facilitation, cooperation, and training to support the partnership between both parties.”	
“This regional regulation provides benefits for the local community, particularly in terms of social responsibility. This was achieved by mandating the franchised and/or branch minimarkets to recruit local workers, engage in partnerships with MSME, and implement corporate social responsibility (CSR). We consider this as an opportunity to collaborate with large companies.”	

Source: Reduced Interview Data, 2022

These excerpts showed that the informants view the presence of minimarkets as a positive development due to their ability to offer assurance in terms of product quality, quantity, and information (Kusumawati, 2013). The emergence of Indomaret and Alfamart was also observed not to have any negative impacts, specifically on MSME actors, but rather provided an opportunity for partnerships. This was associated with the (1) marketing of MSME products packaged or rebranded using the owner's brand, modern store brand, or other agreed-upon brands to increase sales and (2) marketing of MSME products through displays or outlets in these minimarkets (Kurniawan, 2019).

The findings of this interview aligned with the suggestion of Uhlaner (2003) that entrepreneurship is considered a key issue on the European Union's policy agenda. This was further supported by Arenal, Feijoo, Moreno, Ramos, & Armuña (2021) that reported the need for public involvement in the entrepreneurship policy of the United States. Kidalov & Snider (2011) also stated that the policies implemented for MSME by the state were focused on ensuring domestic supply sources, addressing past discrimination, boosting the local economy, promoting innovation, and enhancing competition. The findings of this research on the need

for partnership space were also discovered to be consistent with the emphasis of Steele, Ruskin, & Stuckler (2020) on the promotion of partnerships in the food industry. Moreover, the importance of partnerships was found to be influenced by issues previously examined by Bartlett (2001) including the dominance of large corporations in MSME development policies at various transitional stages.

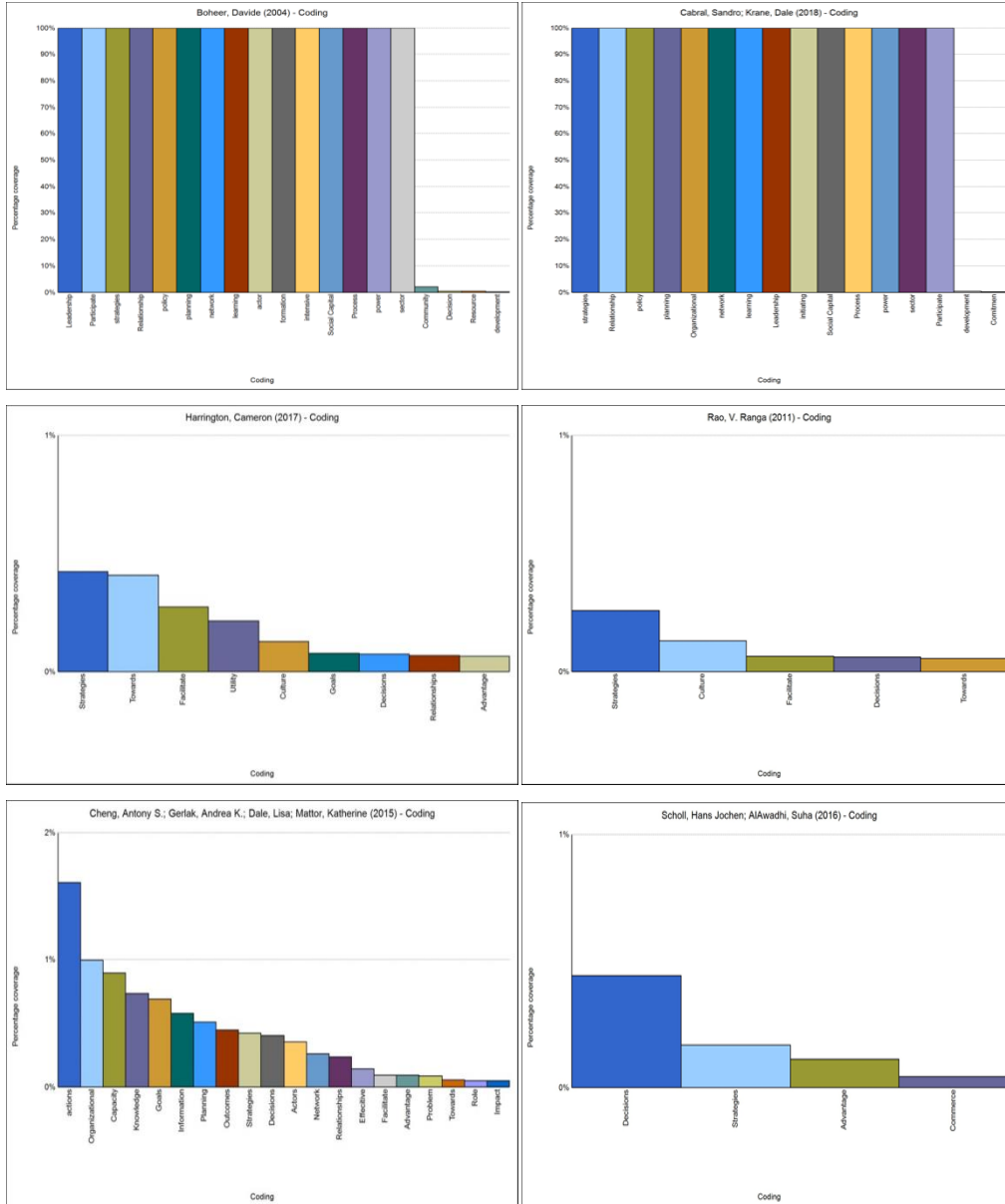
The results generally showed that the Indonesian government has relevant legal frameworks and this was in line with the findings of a previous research that regulatory policies were important to business development (Metaxas & Duquenne, 2015). A research conducted by Quinn, Dunn, McAdam, McKitterick, & Patterson (2014) in Ireland also showed that policy programs developed for small (micro) food businesses were utilized both theoretically and practically to foster business development and innovation. It was also noted that public-private partnership programs could be implemented to enable micro-businesses to collectively enjoy benefits from the government. This was in line with the argument that government policies could significantly influence the types and quality of businesses to be established in a country or region (Smallbone & Welter, 2013). Furthermore, small business policies should be designed to help small companies overcome growth barriers (Crichton, 2007; Kaikkonen, 2006) and enhance their innovation capabilities, ultimately contributing to regional competitiveness (Bennett, 2008).

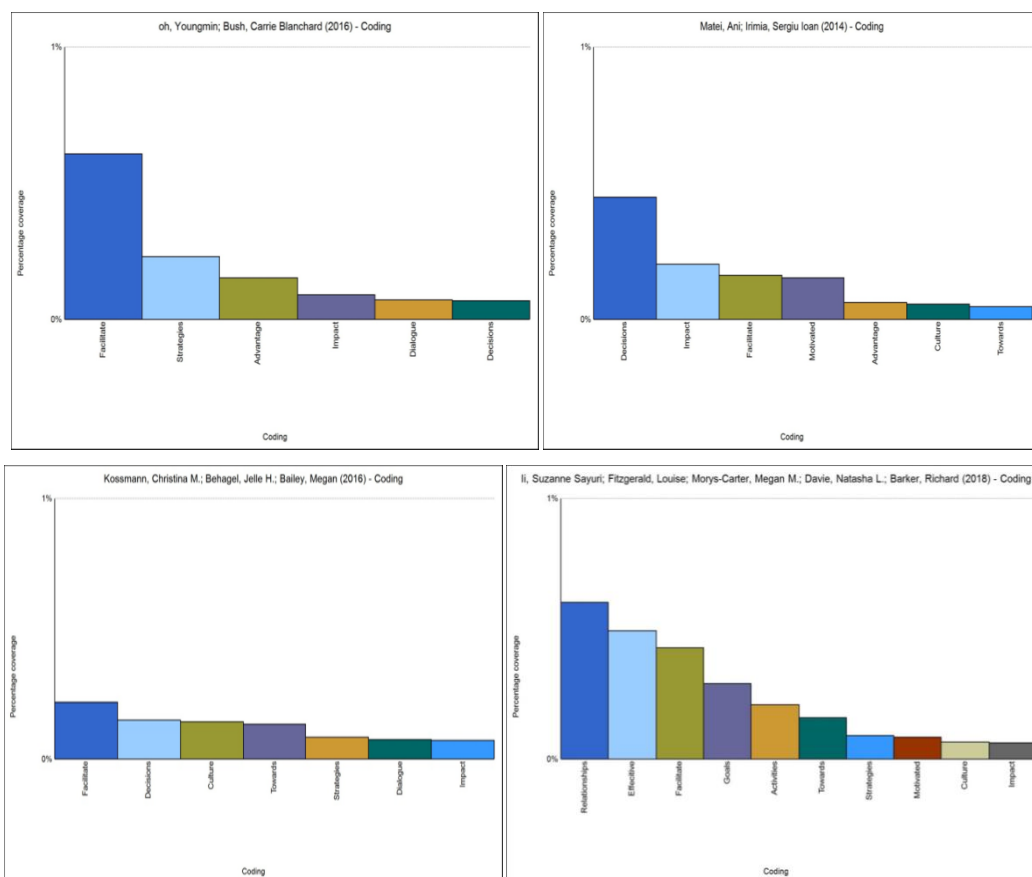
Based on the analysis of policy documents, literature review, and interviews, several dimensions of regulations were identified. First, these regulations serve as a legal framework. Second, the policies require the involvement of multiple actors, ranging from central to local governments. Third, the emergence of these regulations was driven by the growing presence of modern stores. Fourth, the goal of these policies was to create a conducive and mutually beneficial business environment, with larger companies having social and economic responsibilities. Drawing upon these assumptions, this research aimed to synthesize the initial conditions as the foundation, encompassing the contrasting perspectives and conflicting objectives surrounding the emergence of minimarkets. However, it is crucial for leaders to actively execute policies that prioritize the well-being of the local community, as they possess the authority to bring about beneficial outcomes.

FINDINGS

The juridical and empirical review conducted showed that leadership is needed to achieve success in modern retail arrangements. Theoretically, the dimensions discovered to be important and relevant are highlighted as follows.

Figure 4: Theory coding





Source: Reference processed using nvivo12 tools, 2023

The synthesis of the theoretical, juridical, and empirical aspects was used to identify the attributes required by the leaders to be integrated into the modern retail arrangement policy in Lebak Regency in order to provide maximum benefits. First, the leaders should be able to facilitate business activities(Boheer, 2004; Rao, 2011; Cheng et al., (2015).This was in line with the findings of Oh & Bush, (2016),Harrington, (2017), and Cabral & Krane (2018) that the leaders, the head of the region, needed to ensure partnership with minimarkets through licensing, registration, partnership, and financing in order to achieve effective collaboration.

Second, the leaders should have a strategy (Rao, 2011) and an example observed to have been implemented by the government was the development of a legal framework by the regent requiring the minimarkets to collaborate with small businesses for partnerships to enjoy mutual benefits. Third, the capability to facilitate negotiation and mediation processes among business actors in order to achieve the stated goals. Fourth, the ability to make beneficial decisions for all parties(Matei & Irimia, 2014; Scholl & AlAwadhi 2016). Fifth, the ability to communicate and establish collaboration with relevant stakeholders(Li, Fitzgerald, Morys-Carter, Davie, & Barker, 2018). It was also necessary for the leaders to create space for all relevant parties to participate in government activities.

CONCLUSION

In conclusion, the policies regarding the arrangement of modern retail were observed to have led to losses for small traders, resulting in resistance in different regions of Indonesia. However, in Lebak Regency, the presence of minimarkets offered an investment opportunity for the development of MSME sector. To mitigate these losses, it was essential to implement policies that yield advantages. Firstly, the regulations serve as the legal framework to govern the operations of modern retail. Secondly, the successful implementation necessitated the involvement of multiple stakeholders, ranging from the central to the local government. Thirdly, the formulation was rooted in the growth of modern stores. Fourthly, the ultimate objective was to foster a favorable business climate that benefited all parties, wherein large companies bear social and economic responsibilities. Given these assumptions and the initial conditions of this research associated with the divergent opinions on minimarkets and conflicting institutional objectives, it becomes imperative for leaders with authoritative power to execute policies that deliver benefits, particularly to the local community.

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