International Journal of Economics and Financial Issues
ISSN: 2146- 4138
available at https://ijefijournal.com
International Journal of Economics and Financial Issues, 2026, 15(6), 94-103

The Development of Science and Technology and Its Impact on the Implementation of Pancasila Economics in Balikpapan City

Amirul Fauzan [1] , Suryaningsi Suryaningsi [2]

[1] Legal Studies Program , Faculty of Law , Mulawarman University

[2] Pancasila and Citizenship Education Study Program , Faculty of Teacher Training and Education , Mulawarman University

Email : amirulfznnn@gmail.com.com ,suryaningsi@fkip.unmul.ac.id

Received: 14 March 2026 **Accepted:** 16 March 2026 **DOI:**

Abstract.

Indonesia is a country that is rich in natural resources and if it can be developed well it has the potential to become a large country. The Pancasila Economic System is an economic system structured as a joint effort based on the principle of kinship, which aims to create prosperity and justice for all Indonesian people. The development of science and technology remains a major challenge for most small traders in Indonesia. This is evidenced by the proliferation of minimarkets. In Balikpapan City itself, minimarkets have mushroomed in almost every area of the city , with many being very close to each other. In this case, the research method used is an empirical and normative method, namely using facts drawn from human behavior and direct observation, as well as utilizing various data such as laws and regulations. Therefore, the central government, local governments, and the community must be able to work together to ensure the implementation of the Pancasila economy can run optimally. If the implementation of the Pancasila economy can run well, it has the potential to improve community welfare.

Keywords : *Minimarket ; Economy ; Pancasila; Science and Technology*

1. INTRODUCTION

Indonesia is a country rich in natural resources, and if properly developed, it has the potential to become a major power. Indonesia's natural resources include agriculture, mining, oil, and gas (Suryaningsi, 2020). If Indonesia's abundant natural diversity is managed and utilized wisely, the ideals of a just, prosperous, and prosperous nation can be achieved (Suryaningsi, 2017).

In its governance, Indonesia is greatly influenced by the culture which is a legacy from its ancestors, for example belief in God and humanity. The values that have long been inherent in society were then expressed by the nation's founders in the form of Pancasila. Pancasila is (Aditiya, 2016; Ashari, 2020; Yulianti, 2016) the ideology and philosophical basis of the nation's life. The term is found in the 1945 Constitution. According to Suryaningsi, (2016) in the 1945 Constitution it states that Pancasila is a guideline in achieving happiness, achieving shared prosperity, and the independence of a sovereign nation. As contained in Article 33 of the 1945 Constitution which reads: "The economy is structured as a joint effort based on the principle of family, branches of production that are important for the state and that control the livelihoods of many people are controlled by the state, the land, water, and natural resources contained therein are controlled by the state and used for the greatest prosperity of the people."

Article 33 of the 1945 Constitution only briefly explains, but the ideology contained in the article is clear and firm, so it meets the requirements to become an economic system (Alma, 2020). Because it aims to realize the fifth principle of Pancasila, namely justice for all Indonesian people, To name the meaning contained in Article 33 of the 1945 Constitution, it has been agreed that it is the Pancasila Economic System (SEP). The commands and values contained in Article 33 explain clearly because they emphasize what the state controls, and the goals to be achieved, namely realizing the prosperity of the people, not the prosperity of individuals or groups (Suryaningsi, 2018).

Balikpapan City is one of the major cities located in East Kalimantan. As one of the major cities in East Kalimantan, Balikpapan has a fairly large number of MSMEs. According to the Head of the East Kalimantan Department of Industry, Trade, Cooperatives (Disperondagkop) and MSMEs in 2019, Fuad Assadin said that Balikpapan experienced an increase in the number of MSMEs to 105,106 units. The Balikpapan City Cooperatives, MSMEs and Industry Office fosters and facilitates MSME actors to meet with companies such as Banks, BUMN, BUMD, etc. and hopes to establish cooperation, both in terms of production, capital, raw materials, and marketing. This is expected to be the spirit of business actors to continue to compete amidst the development of science and technology. In 2018 there were 135 MSMEs in Balikpapan that collaborated with companies. From these results, the Balikpapan City DKUMKMP achieved the percentage target of 100%.

The development of science and technology, or what we usually call IPTEK, aims to make things easier for humans in various areas of their daily lives. The development of science and technology in Indonesia can currently be said to be very advanced. With smartphones , we can access the outside world easily, we can learn many things through the internet which of course we can access with the current developments in science and technology (Jawatir Pardosi et al., 2020). We can see the development of science and technology in the economic sector in Indonesia from the proliferation of minimarkets around us. The convenience and service in minimarkets can attract the hearts of most Indonesians to shop. With the advancement of science and technology, minimarkets can develop rapidly, now they not only sell basic goods but they also provide online payment services (Alma, 2020) . With current advances, online shopping has become a necessity. Minimarkets can capitalize on this opportunity by collaborating with e-commerce platforms and startups in Indonesia to capture the public's attention (Alma, 2020).

On the other hand, advances in science and technology can contribute to inequality, as some groups adapt quickly to these developments, while others struggle. Furthermore, infrastructure development in Indonesia

remains uneven. Infrastructure development dominates Java, while in the eastern region, infrastructure remains far from adequate. The impact is clear: social inequality exists across Indonesia.

The development of science and technology is still a big challenge for most small traders in Indonesia. Many of them still cannot adapt to the current advances in science and technology. Entrepreneurs who are able to adapt can achieve multiple benefits. Conversely, those who fail to adapt may find themselves left far behind. Public trust in minimarkets has led to a decline in income for grocery store owners due to a lack of interest in shopping there. Local governments in several regions in Indonesia have not permitted minimarkets such as Indomaret, Alfamidi, and Alfamart to operate in their areas. The reason for not granting operational permits to these minimarkets is that they want to improve the welfare of the population by developing local MSMEs. Granting operational permits will impact the income of MSMEs there.

Currently, minimarkets have experienced very rapid development, and their presence has even spread to remote rural areas. This phenomenon has resulted in a drastic decrease in income which has had an impact on increasing poverty rates. Minimarkets are usually owned by large capital holders, with this large capital they can easily develop and expand their business. Given this fact, large capital holders hold the power and reap the profits. In Balikpapan City itself, minimarkets have mushroomed in almost every area of the city , with many being very close to each other.

Minimarkets are very close together , even less than a kilometer apart. This problem cannot be allowed to persist any further. Efforts to improve the welfare of the people and save the national economy in the trade sector must be carried out as soon as possible. One effort that can be made is to strengthen MSMEs, especially those based on regional areas. MSMEs are one of the business entities that embody the Pancasila economic philosophy. MSMEs must be established by the community, managed by the community, and enjoyed by the community. Facts on the ground show that MSMEs experience many problems making it difficult for them to develop. The problems that occur range from lack of service to buyers, minimal innovation, limited marketing, limited capital and minimal knowledge.

Several issues and challenges exist in the development of MSMEs in Balikpapan City, including: limited government funding to provide guidance, such as job training, to MSMEs, increasing MSME competitiveness against retail businesses and large businesses, and a lack of technological knowledge. In this regard, the Balikpapan City government must be able to recognize the impact on small traders when creating regulations regarding minimarket operational permits to create regulations that promote public welfare. The application of Pancasila economics must be implemented well to overcome poverty and optimize the community's potential in the economic sector. Amidst current advances in science and technology, the implementation of Pancasila economics is sometimes still not optimal. The central government, regional governments, and the community must work together to ensure optimal implementation of Pancasila economics. Successful implementation of Pancasila economics has the potential to improve public welfare.

To realize a prosperous society, the effective implementation of Pancasila economics must be achieved. Therefore, in this article, I examine the Pancasila economic system as a way to express my concerns and anxieties regarding the state of the nation's economy amidst current advances in science and technology. The fact that Pancasila economics has not yet been effectively implemented has prompted me to personally examine it. I hope this study can bring positive impacts that lead to change and are inseparable from the values of Pancasila.

2. LITERATURE REVIEW

2.1 The Conceptual Framework of Pancasila Economics

Pancasila Economics is a uniquely Indonesian economic system that distinguishes itself from both liberal capitalism and state-led

command economies. According to Mubyarto (the pioneer of this theory), this system is based on five core pillars.

The Ethical Foundation (1st Sila). Economic activities are guided by religious morality, preventing purely materialistic exploitation.

Human-Centric Approach (2nd Sila). Prioritizing human dignity and labor over capital ownership.

Economic Nationalism (3rd Sila). Fostering regional and national solidarity to achieve economic independence.

Economic Democracy (4th Sila). Decision-making through deliberation (Musyawarah) and the central role of cooperatives (Koperasi).

Social Justice (5th Sila): The ultimate goal is the equitable distribution of wealth (keadilan sosial) for all citizens.

2.2 Science, Technology, and Regional Economic Dynamics

The development of Science and Technology (S&T) is recognized in literature as a primary driver for regional productivity.

Digital Transformation: Recent studies indicate that technology facilitates "market democratization" by allowing local MSMEs to bypass middleman and access broader markets directly.

Information and Communication Technology (ICT): Literature highlights that high ICT penetration correlates with increased transparency and reduced transaction costs in urban economies.

The Double-Edged Sword: Scholarly reviews often describe S&T as a "disruptor" that can either empower the grassroots or exacerbate inequality if not regulated by ethical frameworks.

2.3 Balikpapan City: A Strategic Digital and Economic Hub

Balikpapan's economy is unique due to its industrial nature (oil, gas, and logistics) and its recent designation as the primary gateway to the Ibu Kota Nusantara (IKN).

Smart City Initiatives: Balikpapan's Smart City roadmap focuses on integrating digital infrastructure into public services and urban management.

Economic Resilience: Literature on Balikpapan suggests the city has a high "adaptive capacity" to technological changes, largely driven by its professional workforce and industrial heritage.

2.4 Impact of S&T on the Implementation of Pancasila Economics

This section explores the intersection of technological progress and ideological values in the Balikpapan context.

Promoting Social Justice (Sila 5). Digitalization of MSMEs through local government platforms has reduced the "digital divide," providing equal opportunities for small vendors to participate in the IKN-driven economy.

Strengthening Economic Democracy (Sila 4): Technology has revitalized the "Koperasi" (Cooperatives) system by introducing digital accounting and collective crowdfunding, making cooperative structures more efficient and modern.

Transparency and Human Dignity (Sila 2): The implementation of e-Government and Online Single Submission (OSS) in Balikpapan reduces corruption and bureaucratic friction, ensuring that citizens are treated fairly and ethically by the state.

Mitigating Technological Marginalization: Literature warns of the "Political Ecology of Marginalization," where rapid tech growth in Balikpapan might sideline indigenous communities or traditional traders if literacy programs are not prioritized.

3. METHOD

The research method used in this study is an empirical method that uses facts taken from human behavior and the results of personal observations, and a normative method, namely a method that uses various data such as laws and regulations.

4. RESULT AND DISCUSSION

The Balikpapan Regent sometimes describes economic development performance to clarify the direction of the regional economy . Gross domestic product (GDP) at constant prices is used to represent the overall economic growth rate for each year. Education is a pioneer for the country's future development . If the world of national education collapses, the destruction of the country is only a matter of time. Because education is not only about forming personality, but also maintaining the identity of the nation's people . Many poor people even systematically experience ignorance. Therefore , it is important to understand that poverty can cause ignorance, which is clearly identical to economic poverty which gives complete freedom in all economic fields to each individual to obtain the greatest possible profit.

The characteristics of this system are (Moh. Bahzar, 2014) Everyone is free to own the means of production, both individuals and groups. Prices are formed in the free market; Most economic activities are carried out by the private sector; Government intervention is very little/limited; Capital has an important role in economic activities; There is freedom of business and freedom of competition; Driven by the motive of obtaining maximum profit. The advantages of the liberal economic system include: Every individual is given the freedom and opportunity to do business; Every individual is free to own the means of production; Every individual is free to choose the preferred business sector; Competition can cause a push to progress; Production of goods/services is based on market needs (community needs), while the disadvantages are: Freedom of business causes the existence of a very dominant group while there are weak groups; Gives rise to monopolies that are detrimental to society; Gives rise to oppression (exploitation) of humans because of the pursuit of maximum profit; There is no income equality because every individual is competing to seek profit.

Command Economic System (Socialist/Ethism) is a socialist economic system is an economic system that requires prosperity for the people evenly and no economic oppression (Yulianti, 2016). To realize prosperity evenly the government must intervene in the economy. Therefore, this results in the potential and creativity of the people will die and there is no individual freedom in carrying out economic activities. Characteristics of the Command Economic System (Socialist/Ethism): All economic resources are owned and controlled by the state; All economic activities must be carried out together; All companies are state-owned so there are no private companies; All decisions regarding the quantity and type of goods are determined by the government; Prices and distribution of goods are controlled by the state; All citizens are employees of the state.

Efforts to maintain economic stability based on Pancasila values to ensure public welfare, particularly in Balikpapan City. The Balikpapan City Government issued Regional Regulation No. 4 of 2016 concerning the Arrangement and Development of Traditional Markets, Shopping Centers, and Supermarkets. This regulation aims to improve the development, supervision, and control of trade businesses and prevent unhealthy business practices.

Characteristics of this system: Vital resources are controlled by the government; The government formulates regulations, plans, and establishes policies in the economic field; The private sector is given freedom in economic fields within the limits of economic policies determined by the government; Private ownership of the means of production is recognized, provided that its use does not harm the public interest; The government is responsible for social security and income distribution; The type and quantity of goods produced are determined by market mechanisms.

According to (Alma, 2020; Pinem et al., 2022) Actualization of Pancasila in the economic field is by implementing the Pancasila economic system that emphasizes the harmony of price and social mechanisms (mixed economic system), not on market mechanisms that target the people's economy so that people are free from poverty, backwardness, colonialism/dependence, anxiety, and feelings of being treated unfairly which positions the government to have significant production assets, especially in economic activities that are important for the country and that affect the lives of many people. So it is necessary to develop the Pancasila Economic System so that it can guarantee and support the empowerment of cooperatives and medium, small, and micro

enterprises (MSMEs) (Jawatir Pardosi et al., 2020). In addition, an economy based on Pancasila cannot be separated from the basic nature of individuals and social. Humans cannot live alone without the help of others to fulfill all their needs but humans also have needs where others are not expected to be present or interfere.

One of the articles in the Balikpapan City regional regulations regulates the location for establishing shopping centers and supermarkets, which is in Article 7, namely:

(1) In the operation of Shopping Centers and Supermarkets, the following requirements must be met: a. Minimarkets are at least 500 (five hundred) meters from the People's Market and 100 (one hundred) meters from similar traditional retail stores located on the side of collector/arterial roads; b. Supermarkets and Department Stores are at least 1,500 (one thousand five hundred) meters from the People's Market and 100 (one hundred) meters from similar traditional retail stores located on the side of collector/arterial roads; c. Hypermarkets and Wholesalers are at least 2,500 (two thousand five hundred) meters from the People's Market located on the side of collector/arterial roads; d. Minimarkets located on the side of neighborhood roads with a shop area of 200 m2 (two hundred square meters) are at least 500 (five hundred) meters from the People's Market and traditional retail stores; and e. Placement of traditional retail stores that are partners must be provided with business space. (2) The technical implementation of the provision of Shopping Centers and Supermarkets as referred to in paragraph (1) refers to the Regional Spatial Planning Plan.

In reality, there are still shopping centers and supermarkets that do not comply with these regulations in establishing their businesses (McIlwaine & Evans, 2020; Muksin, 2020). For example, in one area of Balikpapan City, a supermarket opened its doors to a grocery store, which inevitably impacted both the number of customers and their revenue. This was due to parties seeking to maximize profits through unhealthy methods and non-application of the Pancasila economic system. The Pancasila economy was created by our predecessors to prioritize the welfare of the people in decision-making and ensure justice for all Indonesians.

Advances in science and technology require us to continually adapt and be creative to compete in the era of globalization. (Jawatir Pardosi, Rudi Agung Nugroho, Rita Mariati, 2021) stated that the government must recognize the community's potential by providing coaching and job training to MSMEs in Balikpapan City. MSMEs must innovate and adapt to compete with the many minimarkets and supermarkets that have already been established in Balikpapan City. Considering these issues, the government must be able to provide guidance to MSMEs to maximize existing technology and implement the Pancasila economy for the welfare of the people.

Pancasila Economics has the following system:

1. Belief in the One Almighty God: that every citizen is driven by economic , social and moral stimuli.
2. Just and civilized humanity: the formation of the determination of the entire nation to realize social equality.
3. National unity: economic nationalism.
4. Democracy led by the wisdom of deliberation/representation: democracy
5. Social justice for all Indonesian people: decentralization and regional autonomy.

Lack of knowledge to compete amidst current developments makes it difficult for small traders to compete with retail businesses such as minimarkets that we often encounter today. Large capital and comfortable places increase people's interest in shopping at minimarkets. The majority of traders I met admitted that the presence of minimarkets has reduced their income, especially during the current pandemic (Muallimah, 2018).

The regulations made by the Balikpapan City government regarding the requirements for establishing supermarkets are still often violated by supermarket or minimarket entrepreneurs. As evidenced by the large number of minimarkets that do not have business permits but continue to operate as usual, violations like this must not continue to occur. Due to these violations, many small traders have lost most of their income. The Balikpapan City government must be able to increase supervision regarding permits for the establishment and operation of minimarkets in Balikpapan City.

We as a society must participate in advancing the nation's economy. The Pancasila economy was created to ensure the welfare and decent living of the Indonesian people. Indonesia is a country rich in natural resources. If we utilize them wisely and adhere to the principles of Pancasila, it's not impossible for us to become a developed nation and compete with other nations.

Balikpapan is a city rich in oil, attracting many immigrants from various regions across Indonesia. The government must create appropriate policies to ensure the well-being of local residents and maximize the community's potential. The government can provide free training to the people of Balikpapan City so that they can gain new knowledge that can be useful for competing amidst the development of science and technology.

5. CONCLUSION

From the author's observations regarding the implementation of Pancasila Economics in Balikpapan City amidst the development of science and technology. The impact of the development of science and technology that is very influential is the establishment of many modern minimarkets, these minimarkets are spread almost throughout Balikpapan City. Modern minimarkets attract a significant amount of public interest, causing small traders to lose a significant portion of their income. We can conclude that the majority of small traders have a negative view of the proliferation of minimarkets throughout the city . Limited capital and a lack of knowledge among small traders in Balikpapan City make it difficult for them to compete with modern minimarkets. The implementation of Balikpapan City government regulations regarding permits for the establishment and operation of modern minimarkets has not been implemented properly. There are still minimarket entrepreneurs who violate these regulations and the lack of government supervision in this matter can be exploited by certain entrepreneurs to gain maximum profits.

6. REFERENCE

Aditiya, N. (2016). Mohammad Hatta's People's Economic Thought 1953-1972 and Its Implementation in Class XII High School Learning. *CANDI Journal* , *13* (1), 53–71.

Alma, F. (2020). *Mohammad Hatta's People's Economy and Its Relevance to the Indonesian Economy from the Perspective of Islamic Economics* . Raden Intan State Islamic University of Lampung.

Ashari, ANH (2020). Mohammad Hatta's *thoughts on the people's economy, an Islamic economic perspective. Mohammad Abdul Mannan* . IAIN PONOROGO.

Jawatir Pardosi. Rudi Agung Nugroho, Rita Mariati, J. (2021). *Training and mentoring for young entrepreneurs at Mulawarman University* . *5* , 394–399.

Jawatir Pardosi, Manullang, JR, Rudy Agung Nugroho, & Andi Noor Asikin. (2020). Entrepreneurship Development at Mulawarman University to Produce Innovative Young Entrepreneurs. *Journal of Devotion to Your Country* , *4* (2), 297–301. https://doi.org/10.37859/jpumri.v4i2.2224

McIlwaine, C., & Evans, Y. (2020). Urban Violence against Women and Girls (VAWG) in transnational perspective: Reflections from Brazilian women in London. *International Development Planning Review* , *42* (1), 93–112. https://doi.org/10.3828/idpr.2018.31

Moh. Bahzar. (2014). Building Nationalism in Border Regions Through Strengthening Social Capital. In *Proceedings of the IV Pancasila Congress* (pp. 4–19).

Muallimah, S. (2018). Mohammad Hatta's Community Economic Concept in Review of Maqasid Syari'ah. *Islamic Investment Journal* , *3* (1), 68–95.

Muksin, M. (2020). The Future of Small and Medium Enterprise (SME) Development: A Corporate Network and Policy Perspective. *PAPATUNG: Journal of Public Administration, Government and Politics* , *3* (1), 194–211.

Pinem, D., Pusporini, P., & Masnuna, M. (2022). Digitalization of Management in Small and Medium Enterprises (MSMEs) in Depok, West Java. *IKRA-ITH ABDIMAS* , *5* (1), 172–183.

Suryaningsi. (2016). *Civic education* . Academica. https://zenodo.org/record/3534601#.XcjQzaS-vIU

Suryaningsi. (2018). *The Nature of State Control over Mineral and Coal Resource Management* (Issue July). Mulawarman Press. https://zenodo.org/record/3236640#.YcqO7mjMLIV

Suryaningsi. (2020). Legal Certainty of Mining Management After the Enactment of Indonesian Law on Local Government. *Solid State Technology , 63* (6).

Suryaningsi, S. (2017). *Mineral and Coal-Based Mining Management* .

Yulianti, RT (2016). *Mohammad Hatta's Concept of People's Economy in the Review of Maqā ṣ id Al-Syarî'ah and Its Implementation in the Reform Era in Indonesia* .