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Economy : The Proliferation of Private Minimarkets for the Continuity of Grocery Stores in Samarinda City

Benedictus Lasah [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

[1] Email : leonarduslasah15@gmail.com, suryaningsi@fkip.unmul.ac.id

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Abstract.

People's Economy: The Impact Analysis of Establishment of Minimarkets in Samarinda City. The People's Economic System is a national economic system embraced by the Indonesian nation that is family-based, community-based, shows serious support for the people's economy, and is based on the values of Pancasila. The purpose of this populist economy itself is to achieve a prosperous and prosperous Indonesia. Today, the era of globalization is one of the reasons for changes in the existence of the People's Economic System so that its implementation faces great pressures, such as the absence of a balance between national economic planning and increased decentralization and regional autonomy. In particular in the city of Samarinda it can be seen that the lack of a concern for the grocery store due to the establishment of the Minimarket which later became a widely open priority. In this case, the research method used is an empirical method, which uses empirical facts taken from human behavior, both verbally from the interview process and real behavior based on direct observation or oriented to the results of the field.

Keywords : *Collaborative Governance; Institutional Design; Foreign Exchange Village Program*

1. INTRODUCTION

Indonesia implements a people's economic system in the country's economic affairs. This system focuses on supporting the people's economy based on family, sovereign people, and is inseparable from the values of Pancasila. This system has absolute conditions that must be met in an effort to realize a national economy that is based on social justice. These conditions are that the people's economic system is sovereign, independent, and has personality in the political, economic, and cultural fields (Ashari, 2020). The implementation of this system is oriented towards the community where the community plays a large role in the economic activities that occur, while the government must be able to create a comfortable, healthy and orderly atmosphere in business affairs that occur related to its development and growth (Aditiya, 2016).

According to the Indonesian constitution, specifically in the 1945 Constitution, Article 33, paragraphs 1, 2, and 3, there are several forms of

people's economy in its implementation efforts. In paragraph (1) the form is a cooperative, then paragraphs (2) and (3) in the form of a state-owned company, so this confirms that private companies also play a role in Indonesia's economic activities. The driving force in this system according to the Constitution as mentioned above is cooperatives, state-owned companies, and the private sector, which in carrying out their obligations must support each other or work together in order to realize a people's economy for a prosperous Indonesia (Suryaningsi, 2017) .

Based on a fair market system, the implementation of a people's economic system must be through healthy competition, considering economic growth and development, can strive for environmentally conscious and sustainable development, equality without discrimination in business and work, fairness, prioritizing social interests, and protecting consumer rights. The goal of this people's economy itself is to achieve a prosperous and prosperous Indonesia (Moh. Bahzar, 2014). The principles adopted by this economic system itself will greatly benefit the Indonesian people in its implementation so that both directly and indirectly the Indonesian people can more freely fulfill their life needs and improve their standard of living (Suryaningsi, 2019) .

One form of manifestation of *the people's economic system* itself is the establishment of many grocery stores throughout Indonesia. Samarinda City is one of them, known as the capital of East Kalimantan Province, which has a fairly large number of grocery stores. Based on the 2016 Economic Census of Samarinda City, 96% of business units are MSEs (80,364), while the rest are UMB (small and medium enterprises). As stated in Law Number 20 of 2008 concerning MSMEs, Article 6, a business unit can be considered an MSE if it meets the requirements, namely having a maximum equity of IDR 50,000,000.00 (fifty million rupiah) excluding land and buildings for business premises; or having annual sales results of a maximum of IDR 300,000,000.00 (three hundred million rupiah). Therefore, according to the law above, grocery stores are classified as MSEs. In one of the development priorities in Samarinda City, namely poverty alleviation efforts, activities based on economic empowerment are carried out. people through the development of existing MSMEs so that with the large number of MSMEs established, they can take part in efforts to eradicate existing poverty (Suryaningsi et al., 2016) .

Directly, the implementation of the people's economy in Samarinda can be said to reach all elements of society based on the number of grocery stores in the city. Samarinda. This clearly states that the people's economy implemented in Samarinda City is inseparable from efforts to eradicate poverty and achieve income equality. According to (Jawatir Pardosi, Rudi Agung Nugroho, Rita Mariati, 2021), the development of micro-enterprises in Samarinda City is part of a program launched by the East Kalimantan Provincial Government, which designated Samarinda City as a Service and Trade Industrial Zone in East Kalimantan. In fact, the mayor of Samarinda's mission states that one of its goals is to create an independent, advanced, just, and people-oriented city economy. This mission, driven by the government's efforts to achieve prosperity for its people with justice and reach for all, clearly includes existing grocery stores.

In the current era of economic globalization, there are many negative things that we must be aware of, especially the impacts that can be caused to existing grocery stores. These negative things significantly erode the development of the people's economic system in Indonesia. In addition, it can be seen that globalization in the economic sector can slow industrial growth, weaken the balance of payments, cause financial instability, and threaten the prospects for long-term economic growth (Jawatir Pardosi et al., 2020). Modern markets are experiencing rapid growth, especially with the establishment of many *minimarkets* whose spread is taking place very quickly, and the occurrence of abuse of dominant positions.

Efforts to implement a people's economic system face significant pressure, resulting in the emergence of problems and challenges that must be addressed. These problems are clearly visible in community life, namely the existence of social inequality and underdevelopment, a lack of public understanding of this people's economic system, a low commitment to achieving social equality, and a minimal balance between central and regional economic planning. In the Indonesian Government Development Plan, the government has prioritized economic and social development and set ambitious targets that address justice, equality, and social development among all people and regions. It is stated in the GBHN , namely economic development

in an effort to balance agriculture and industry, as well as improve the quality of life of the community. Thus, it is clear that the existing national economic planning is to create a prosperous and prosperous Indonesia, but this does not correspond to the existing reality.

The government's weak support for grocery stores makes it difficult for competition to occur in a balanced and healthy manner. The existing concept of entrepreneurship is also not well realized so that the freedom of movement for new entrepreneurs is limited. Firstly , economic activities cannot be accessed equally, which has implications for the income of micro-entrepreneurs which is not optimal. Second, there is an unhealthy situation to try to see from the historical and political situation. Third, discrimination against micro-enterprises. Micro- and small-scale enterprises are viewed as businesses that provide little added value to the national economy, thus burdening the state budget with various subsidy policies such as JPS, KUK, BIMAS, PNM, and so on.

In Samarinda itself, it is said that the people's economy that is being implemented is in order to eradicate poverty and create equal income distribution. However, this is clearly the opposite of the situation that is clearly visible in the lives of the people. This can be proven by the proliferation of privately owned minimarket businesses, the lack of government sensitivity to needs, and government programs that are not properly realized. One of these programs is the provision of training activities, but this program is hampered by the lack of funds or costs so that it is not fully realized. This clearly proves the inability of the Samarinda city government in handling and controlling the programs planned in relation to the balance of budget distribution both through the APBN and the regional APBD which directly proves *the statement* mentioned previously, namely that the government is less interested and shows partiality that reduces the value of justice in terms of supporting the development of existing micro, small and medium enterprises.

In developing micro-enterprises in Samarinda City, several factors must be considered, namely the capabilities or skills of human resources and the availability of raw materials. These weaknesses pose a significant challenge to the achievement of the goals of a people's economy in Samarinda City , namely poverty alleviation and income equality. The direct involvement of the government and business actors in the concept of a people's economy has not yet achieved a clear and strong balance. This imbalance has weakened the economy of small people, such as grocery business owners, and they feel neglected, thus giving rise to a sense of injustice in society.

In order to achieve or realize prosperity within society, the people's economic system must be carefully, thoroughly, and meticulously considered. Therefore, I am examining this *people's economic system as a* way to express my concern about the current state of the national economy in this era of globalization. The existence of the people's economic system is also relatively unknown to many, which has personally inspired me to discuss it. I hope this study can bring about change in society that is inseparable from the values of Pancasila.

2. LITERATURE REVIEW

2.1 Retail Competition Theory and Market Cannibalization

According to Levy & Weitz (2012), competition in retail is categorized into *intratype* (between similar formats) and *intertype* (between different formats). In Samarinda, intertype competition occurs as minimarkets offer the same core goods as grocery stores but with a superior service value proposition.

Minimarkets do not just compete on price; they compete on "experience" and "reliability," which disrupts the established market equilibrium of local neighborhoods.

2.2 Market Cannibalization and The Zero-Sum

GameMarket cannibalization occurs when a new, more efficient retail format reduces the sales volume of an existing one. In the context of Samarinda’s urban economy.

Zero-Sum dynamics. Because the population's consumption capacity for basic groceries is relatively inelastic (people don't eat twice as much just because a new store opens), every customer entering an Indomaret or Alfamart is often a customer "lost" by a traditional store.

Clustering Strategy. Private minimarkets often use a predatory positioning strategy, placing outlets within a 50–100 meter radius of successful traditional stores to directly siphon off their foot traffic.

2.3 The "Wheel of Retailing" Theory

This theory (McNair, 1958) suggests that new retail formats enter the market as low-status, low-margin operations but evolve into higher-status institutions.

In Samarinda, minimarkets have accelerated this cycle. They entered as "premium" alternatives but have now become "neighborhood essentials," effectively pushing traditional stores further down the hierarchy to only serving the most price-sensitive or debt-dependent (kasbon) segments.

2.4 Spatial Competition (Hotelling's Law)

Hotelling's Law explains why minimarkets tend to cluster together and near traditional stores. By positioning themselves as close as possible to the competitor, they minimize the "effort" a consumer has to make to choose the modern option over the traditional one. In Samarinda, where traffic and heat are factors, the "convenience of proximity" offered by a modern-branded store often outweighs the long-standing loyalty to a local neighbor's shop.

3. METHOD

Method was carried out by conducting a survey. This method utilizes empirical evidence from human behavior, both verbal from interviews and actual behavior based on direct observation or primary data (field survey results). In the study, researchers used *random sampling* to seek and obtain information directly from the source. This process involved reviewing and validating the received data to ensure it aligns with the facts on the ground.

4. RESULT AND DISCUSSION

4.1 Grocery Store Revenue Compared to Minimarkets

In terms of income, the establishment of private businesses near existing MSMEs has a significant impact. The establishment of many private minimarkets has had a significant impact on existing grocery stores because minimarkets have large capacities and have clear and well-organized regulations. Private minimarkets have an advantage in terms of supply of goods, namely because the existing minimarkets already have a company or source of goods distribution that is clear and easy to access so that the prices are cheaper. Differences in income cause differences in prices which give rise to differences in the amount of income. This of course causes a gap to arise between other economic actors, especially economic actors in grocery stores.

The amount of goods consumed depends on the income received. As income increases, the number of goods consumed increases, and attention is paid to quality. A region's progress is determined by its income level, particularly its economic output. The Samarinda city government's role in this regard is to assist existing grocery stores by supporting, providing training, and empowering businesses, particularly in financial management. As stated in the Samarinda mayor's mission, realizing an economy in Samarinda must be based on democracy and justice. Financial management is one of the best options available, as it effectively manages both income and expenses, ensuring financial stability and preventing bankruptcy.

4.2 Competition between Grocery Stores and Minimarkets

In business, business competition between traders is a common occurrence. Competitive traders can be assured of being ready to face challenges and having a competitive mentality. Even in business, it must be carried out with good intentions. In terms of competition, grocery stores themselves can still compete. This is due to several advantages of grocery stores over minimarkets, namely that now minimarkets no longer provide plastic bags for carrying shopping items, while grocery stores still provide plastic bags. According to several minimarket customers, they felt that it was a bit of a hassle and less convenient. Grocery stores can also offer items not sold in minimarkets, such as crackers, traditional snacks, and other items. To face competition, some things that can be changed include service and inventory, and the gaps between minimarkets and grocery stores must be maximized.

This competition arises because there are so many minimarkets around grocery stores and they are often located close to each other. This creates a feeling of exclusion among existing grocery store owners. There should be restrictions on the establishment of existing minimarkets, as there has been much opposition and demonstrations, but they have all ended in nothing. The government should The government can mediate this situation by limiting the number of minimarkets without disregarding the rights of every economic actor within a given area.

The government can also help grocery store operators develop their businesses to be more creative and innovative through outreach and training. By developing grocery stores into a creative economy, it is hoped that competition between the two can be balanced, allowing the public to experience fairness in business. This endeavor itself requires cooperation from all parties, including the government and the businesses themselves.

4.3 Inequality of Government Treatment

In terms of treatment, several things that differentiate them are, for example, in terms of paying taxes, private minimarkets can pay on time because there are well-organized regulations, while grocery stores still have difficulty in managing tax payments. The government also pays more attention to the needs of other private entrepreneurs, especially the needs of investors, which in this case includes existing minimarkets. The government does indeed want to try to open up as many job opportunities as possible, but forgets to pay attention to the situation of other small economic actors such as grocery stores which are also people's businesses to meet their living needs.

The government itself has launched an Economic Equality Policy (EEP) based on three main pillars: land, opportunities , and human resources. The government then focused on four quick-win programs. which is expected to bring significant changes in reducing economic inequality in society, including agricultural reform, legalization of settlements, vocational training , housing for the urban poor , and modern-traditional retail. Furthermore, in the second and third pillars, government funding is explained, making it increasingly clear that this policy, if implemented properly and correctly, will certainly bring the economy of small communities to be more orderly and organized, thus avoiding inequality. All people's economic efforts must be recognized and assisted in their implementation and empowerment so that economic actors, in this case, existing grocery stores, can survive and meet their living needs.

4.4 An Efficient and Just Economic System for the Welfare of the People

The concept of fair efficiency is mentioned in Article 33 paragraph 4 of the 1945 Constitution which is a juxtaposition of the concept efficiency and the concept of justice. This concept aims to create an economic climate that is family-oriented and market-friendly. Then, in its implementation, it is based on economic democracy based on the values of freedom, family, equality, sustainable development, independence, and by paying attention to the balance of planning and national economic unity. This concept aims to create justice, welfare and prosperity without exception for all, especially grocery store business actors in this case.

Furthermore, Law Number 20 of 2008 concerning Micro, Small, and Medium Enterprises, Article 4 letter d discusses empowerment. That empowerment is carried out to increase the competitiveness of micro, small, and medium enterprises. Then, according to Presidential Regulation Number 112 of 2007 concerning the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores, it has been regulated that the establishment of shopping centers and modern stores must take into account the socio-economic conditions of the community, the existence of traditional markets, and small and medium enterprises in the relevant area. One way is by paying attention to the distance between existing *minimarkets* and existing grocery stores.

Clearly reflecting on our nation's constitution and laws, the central government, specifically the Samarinda city government, is a vital organ in achieving prosperity and well-being for all Indonesians. The government must be mindful of the current situation and establish clear regulations to ensure the rights of the people in their businesses. The Samarinda city government must pay greater attention to the local economy, especially its grocery stores. The government should not treat existing grocery stores as mere government taxpayers, but as children who must be cared for and looked after. Grocery stores are people's businesses that fulfill their lives and it is the state's obligation to empower them in accordance with the mandate of the constitution and applicable laws so that national goals and ideals can be achieved.

4.5 The Need for Government Regulation to Empower the People's Economy

Every local government throughout Indonesia has strived to realize a truly people-oriented economy. One example is in Sleman City, in Article 16 of Sleman Regency Regional Regulation Number 18 of 2012, which regulates the distance between minimarkets, both franchises and branches, at least 1000 meters from traditional markets. Furthermore, in Pasuruan City, in Pasuruan City Regional Regulation Number 03 of 2012, it is stated in Article 9 paragraph 5 that the distance between minimarkets is at least 50 meters from similar stalls/shops in the surrounding area that are smaller than the minimarket. The Regional Regulations issued are intended to create healthy business competition between business actors and also a clear legal basis for all existing business actors.

East Kalimantan Province already has regulations on this matter, but they don't specifically address the distance between minimarkets and grocery stores. Therefore, it can be said that East Kalimantan Provincial Regulation Number 3 of 2014 concerning the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores is incomplete in terms of material. However, with this regional regulation, economic actors such as grocery stores have legal certainty, making it easier to assert their rights. Regulation is an important and dominant thing in a country based on law like ours because everything must be based on law and people-oriented. With this regulation, it is hoped that the government can implement it honestly and responsibly so that the prosperity and welfare of the people can be achieved.

5. CONCLUSION

Facing various challenges in its implementation, *the people's economic system* Many things must be considered . Therefore, the government can help grocery store owners develop their businesses to be more creative and innovative through outreach and training. By developing grocery stores into a creative economy, it is hoped that competition between the two can be balanced so that people can feel fair in their business. All people's economic efforts must be recognized and assisted in their implementation and empowerment so that economic actors, in this case existing grocery stores, can survive and meet their living needs. Furthermore, the government should not treat existing grocery stores as mere government taxpayers, but as children who must be cared for and looked after. Grocery stores are a community business that provides a means of livelihood, and it is the state's responsibility to empower them to achieve national goals and aspirations. Ultimately, with these clear and well-organized regulations, it is hoped that the government will implement them honestly and responsibly, thereby achieving the prosperity and well-being of the people.

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