

Legal Protection for the Sustainability of Traditional Markets Against the Development of Modern Retail in Parepare City

Nur Ainun Safah^{1*}, Wahyu Rasyid², Wanda Rahma³

^{1,2,3} Muhammadiyah University of Parepare

* correspondence email: ainun.safah07@gmail.com

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Abstract: This study aims to analyze the impact of modern retail on the sustainability of traditional markets in Parepare City, focusing on economic and social aspects. **The study method used** is a normative-empirical approach, which combines legal analysis of government policies and direct observation of policy implementation. The research location is focused on the Lakessi Traditional Market in Parepare City, with the research subjects being traditional market vendors and modern retailers. Data collection techniques include interviews, literature review, direct observation, and documentation, with descriptive-qualitative analysis to describe the existing phenomena. **The novelty** of this study lies in its focus on traditional market protection policies in Parepare City, which involves analyzing the implementation of the latest regulations related to business licensing restrictions and zoning, as well as the role of local government in strengthening traditional markets through empowerment and revitalization programs. **The results** show that the presence of modern retail has had a significant impact on traditional markets, particularly in terms of a decline in small traders' income. Before the development of modern retail, the average daily income of traditional market traders reached IDR 6,000,000, but after the development of modern retail, this figure decreased by about 20% to IDR 4,000,000 per day. Nevertheless, the Parepare City government has implemented various regulations to maintain a balance between traditional markets and modern retail, such as distance restrictions, business permit restrictions, and traditional market empowerment. **In conclusion**, although the development of modern retail has made a positive contribution to the regional economy, its impact on traditional markets is quite significant.

Keywords: legal protection; traditional markets; modern retail; economic impact

Abstrak: Penelitian ini bertujuan untuk menganalisis dampak kehadiran ritel modern terhadap keberlanjutan usaha pasar tradisional di Kota Parepare, dengan fokus pada aspek ekonomi dan sosial yang terjadi. **Metode penelitian** ini menggunakan pendekatan Normatif-Empiris, yang menggabungkan analisis hukum terkait kebijakan pemerintah dan observasi langsung terhadap pelaksanaan kebijakan tersebut. Lokasi penelitian difokuskan

pada Pasar Tradisional Lakessi di Kota Parepare, dengan objek penelitian berupa pedagang pasar tradisional dan ritel modern. Teknik pengumpulan data meliputi wawancara, studi pustaka, observasi langsung, dan dokumentasi, dengan analisis deskriptif-kualitatif untuk menggambarkan fenomena yang ada. **Kebaruan** dari penelitian ini terletak pada fokusnya terhadap kebijakan perlindungan pasar tradisional di Kota Parepare, yang melibatkan analisis implementasi regulasi terbaru terkait pembatasan izin usaha dan zonasi, serta peran pemerintah daerah dalam memperkuat pasar tradisional melalui program pemberdayaan dan revitalisasi. **Hasil penelitian** menunjukkan bahwa kehadiran ritel modern telah memberikan dampak signifikan terhadap pasar tradisional, terutama dalam hal penurunan pendapatan pedagang kecil. Sebelum ritel modern berkembang, pendapatan harian pedagang pasar tradisional rata-rata mencapai Rp 6.000.000, namun setelah perkembangan ritel modern, angka ini menurun sekitar 20% menjadi Rp 4.000.000 per hari. Meskipun demikian, pemerintah Kota Parepare telah mengimplementasikan berbagai regulasi untuk menjaga keseimbangan antara pasar tradisional dan ritel modern, seperti pembatasan jarak, pembatasan izin usaha, dan pemberdayaan pasar tradisional. **Kesimpulannya**, meskipun perkembangan ritel modern memberikan kontribusi positif terhadap perekonomian daerah, dampaknya terhadap pasar tradisional cukup signifikan. **Kata Kunci:** perlindungan hukum ; pasar tradisional ; ritel modern ; dampak ekonomi

1. INTRODUCTION

Indonesia's national growth aims to create a just, prosperous, and welfare society based on Pancasila and the 1945 Constitution. Indonesia's national economy must be conducted based on the principles of togetherness, efficiency, fairness, sustainability, environmental awareness, and freedom. These objectives can only be achieved if economic development is carried out with consideration for balance between various aspects of life, including the economic sector.¹

Basically, the state has an interest in paying attention to the needs of citizens and business actors so that they can carry out economic activities competitively. The state must provide the right tools, exercise control, and provide information and socialization related to policies needed by the community in carrying out business activities. The main principles in the Indonesian economy are anti-monopoly and upholding healthy business competition.²

Entering the era of globalization, which brings freedom for individuals to develop businesses, including small, medium, and large-scale enterprises, Indonesia has experienced significant growth in the trade sector. Modern retail and traditional markets play an important role in improving the welfare of society. On the one hand, it is hoped that both can coexist in a balanced manner. However, with the rapid development of

¹ Pasal 33 ayat (4) Undang-Undang Dasar Negara Republik Indonesia Tahun 1945

² L. Budi Kagramanto. Mengenal Hukum Persaingan Usaha. Laras: Sidoarjo. 2008. H. 39

modern retail, traditional markets have experienced a significant decline. This phenomenon marks a major shift in the economic landscape of Indonesia.³

In general, business can be defined as a series of activities carried out by individuals or groups with the aim of making a profit, either through the sale of products or the provision of services. According to Law No. 3 of 1982, business refers to "any form of business activity carried out by individuals or entities on a regular and ongoing basis with the aim of generating profit." Meanwhile, economic and business law governs the management of commercial and industrial activities, encompassing various regulations related to the production and distribution of goods and services.⁴

In the world of trade, there are two types of systems that can be found, namely conventional trade and modern trade. Modern trade is often found in the form of minimarkets, supermarkets, and hypermarkets, while traditional trade is more commonly found in traditional markets and small retail businesses. Modern retail in Indonesia, although it does not have specific laws, is generally regulated through Presidential Regulation (PP) Number 12 of 2007. Under this regulation, modern retail is defined as a store with a self-service system that sells various goods in retail quantities, including minimarkets, supermarkets, department stores, and hypermarkets.⁵

The existence of modern retail often puts pressure on traditional markets, with many small businesses forced to close down. However, not all traditional markets have suffered losses. Some traditional market businesses have managed to survive despite facing fierce competition. Modern retail, which used to only exist in big cities, has now expanded rapidly to remote villages. Almost every strategic location now has a minimarket or modern store.

The convenience offered by modern retailers makes consumers prefer to shop there. This advantage in shopping convenience has significantly impacted the decline in the number of shoppers at traditional markets, leading to a decrease in income for small merchants. While the growth of modern retail reflects Indonesia's macroeconomic development, this phenomenon has also raised concerns among traditional market operators, as seen in Parepare City, where modern retail is expanding rapidly.

Business actors in Indonesia, both in traditional and modern sectors, are required to conduct their businesses in accordance with the principles of economic democracy. In this regard, the state plays an important role in creating regulations that govern business competition in order to avoid monopolies and unfair competition. Law Number 5 of 1999 on the Prohibition of Monopoly Practices and Unhealthy Business Competition clearly prohibits monopoly practices and unhealthy business competition. Healthy business

³ Herman Malano. *Selamatkan Pasar Tradisional*. (Jakarta: PT. Gramedia Pustaka Utama). 2011, Hlm. 76

⁴ Bambang Supriadi., Nanny. *Perencanaan dan pengembangan destinasi pariwisata*. 2017

⁵ Istifhama, Lia. *Strategi Bertahan Dan Modal Sosial Pedagang Pasar Tradisional Swasta Dalam Perspektif Ekonomi Islam*. 2017. Hlm 217

competition is a condition in which business actors compete fairly, honestly, and in accordance with the law, ultimately benefiting the entire community.⁶

However, if competition is left unregulated, smaller businesses, such as traditional market traders, may be displaced by larger businesses. Therefore, traditional markets that are weak in terms of capital and management need more attention. Without adequate legal protection, small businesses and traditional markets risk losing their livelihoods. The marginalization of traditional markets will have a negative impact on economic growth at both the local and national levels.

To protect business actors and prevent market domination, Law No. 5 of 1999 provides regulations prohibiting market domination by a single business actor. Article 17 Paragraph (1) regulates the prohibition of market domination that could harm small business actors. Therefore, a healthy business competition policy is needed to open access for small business actors so that they can continue to compete fairly with large business actors.

Traditional market operators should not be treated in a discriminatory manner. The state, in this case the government, plays a role in creating a conducive business climate through policies that regulate business competition with the aim of achieving public welfare. Protection for traditional markets is also reflected in Presidential Regulation of the Republic of Indonesia Number 112 of 2007, which regulates the organization of traditional markets, shopping centers, and modern stores. This regulation aims to ensure that traditional markets and modern retail can mutually benefit and grow in a balanced manner.

The phenomenon occurring in the Batu Merah Complex of STAIN in Ambon City and Parepare City demonstrates that the presence of modern retail has a negative impact on traditional market vendors. The income of traditional market vendors has decreased alongside the growth of modern retail. Violations of regulations governing the distance between minimarkets and traditional markets are also an issue that needs to be addressed immediately. Therefore, the government's role in monitoring and enforcing regulations is crucial to maintaining a balanced competitive environment and protecting traditional markets.⁷

The purpose of this study is to analyze the impact of modern retail presence on the sustainability of traditional markets, with a focus on the effects of business competition, both economic and social, in Parepare City and other areas. This study aims to identify and evaluate the implementation of policies established by the government, particularly those related to Law No. 5 of 1999 and Presidential Regulation No. 112 of 2007, and to provide

⁶ Bukido, Rosdalina. Peranan Komisi Pengawas Persaingan Usaha (KPPU) Dalam Menegakkan Undang-Undang Nomor 5 Tahun 1999. *Jurnal Ilmiah Syariah*. 2019. DOI: <http://dx.doi.org/10.30984/as.v15i1.474>

⁷ Fratiwi Kaja. Perlindungan Hukum Usaha Kecil Dan Menengah. *Repository IAIN Ambon*. 2021. <http://repository.iainambon.ac.id/id/eprint/1015>

policy recommendations that can help create healthy competition and support the sustainability of traditional markets. Thus, this study is expected to contribute to the development of more equitable and inclusive economic policies, as well as promote the sustainability of micro, small, and medium enterprises in Indonesia.

2. METHOD

The research method used in this study is a normative-empirical approach, which combines normative legal elements with empirical data. This approach includes analysis of written law and its application in society through direct observation. This study was conducted in two main stages, namely normative legal analysis and empirical observation to understand the application of law in everyday life. The research location was Lakessi Traditional Market, Parepare City, an area that has been affected by the presence of modern retail. The research subjects were traditional market traders and modern retailers. Data collection techniques included interviews, library research, direct observation, and documentation. Interviews were conducted to obtain information from informants regarding policy implementation, while literature research aimed to collect information from scientific works and related documents. Observation was conducted to directly observe behavior and interactions in the field, and documentation was used to analyze documents relevant to the research problem. The types of legal materials used consist of primary legal materials, such as the Constitution of the Republic of Indonesia, Law No. 5 of 1999, Presidential Regulation No. 112 of 2007, and local regulations of Parepare City, as well as secondary legal materials that provide additional explanations regarding the issues being studied. The data analysis technique used is descriptive-qualitative, which aims to describe and summarize the phenomena that occur, providing an accurate picture of legal protection for traditional markets against the presence of modern retail in the city of Parepare.

3. DISCUSSION

3.1 Legal Protection for Traditional Markets

Traditional markets play an important role in the social and economic life of Indonesian society, serving as a place for cultural interaction, preservation of local wisdom, and regional identity. In the city of Parepare, traditional markets have become an integral part of the local economy; however, their existence is threatened by the growth of modern retail. The presence of minimarkets and supermarkets offers convenience, competitive prices, and better facilities, which traditional markets often struggle to match due to issues with cleanliness and comfort.⁸

However, traditional markets offer a unique experience through direct interaction between sellers and buyers, as well as reflecting local wisdom. The Parepare City

⁸ Kumparan.com. Pasar Tradisional Sebagai Pusat dan Budaya Ekonomi. <https://kumparan.com/meiliyani-18>

Government needs to strengthen regulations to protect traditional markets, such as by improving infrastructure and providing training for sellers, as well as strict supervision of modern retailers. Legal protection for traditional markets is regulated by Law No. 7 of 2014 on Trade, which emphasizes a balance between traditional markets and modern retail. Data shows that there are five traditional markets in Parepare City, with 1,470 vendors in 2024. These markets, such as Lakessi Market, Senggol Market, and Sumpang Minangae Market, face challenges due to competition with the growing modern retail sector. Currently, there are 40 modern retail outlets in Parepare City, most of which are dominated by minimarkets such as Alfamart and Indomaret.⁹

The government needs to take strategic steps to ensure the sustainability of traditional markets, including establishing clear zoning and regulations that support a balance between traditional and modern retail sectors.¹⁰ Parepare City, as one of the strategic transit cities in South Sulawesi, continues to experience rapid development in the trade sector. One of the striking phenomena is the growth of traditional markets and modern retail. According to data from the Parepare City Trade Office, this sector is expected to continue growing in line with the high tourism potential and Parepare's status as a city with good accessibility. Amid this growth, two types of markets-traditional markets and modern retail-play a significant role in meeting the needs of the community, despite facing different challenges.¹¹

Traditional markets in Parepare, such as Lakessi Central Market and Sumpang Minangae Market, have long been centers of economic activity. These markets offer a variety of basic necessities at more affordable prices. In addition to their economic function, traditional markets also serve as social spaces, where direct interaction between sellers and buyers strengthens local economic networks. For example, many small traders depend on traditional markets as their main source of income.

However, traditional markets face several challenges, including inadequate facilities such as cleanliness, parking areas, and outdated management systems. Additionally, competition from modern retail outlets offering convenience and efficiency has become a significant threat to the sustainability of traditional markets. Modern retail, which has grown rapidly with over 40 stores in Parepare, provides a more comfortable shopping experience with facilities such as air conditioning, tidier spaces, and more flexible operating hours. Modern retail also offers a variety of branded products and is often equipped with digital payment technology that appeals to consumers.¹²

⁹ <https://makassar.antarnews.com/amp/berita/11628/> (diakses 17 Desember 2024)

¹⁰ Gani, Mustafa. Pengelolaan Pasar Tradisional Dalam Sinergitas Pasar Modern Di Indonesia. *Bongaya Jurnal Of Research*. 2021.1 (1). DOI: <https://doi.org/10.37888/bjrm.v1i1.43>

¹¹ Wawancara dengan Ashari Yunus Sebagai Kepala Bidang Perdagangan Dinas Perdagangan Kota Parepare pada tanggal 23 Desember 2024 pada pukul 14.31 WITA

¹² Data dari Dinas Perdagangan Kota Parepare (diperoleh pada tanggal 24 desember 2024)

Facing increasingly fierce competition, traditional markets need government protection to remain competitive against modern retailers. This protection is crucial, as most traditional market vendors are micro and small businesses that lack the substantial capital of modern retail companies. Therefore, strategic measures such as improving facilities and enhancing market management must be implemented to boost the competitiveness of traditional markets.

The Head of the Parepare City Market Management Unit (UPTD), led by Muhammad Thamrin, plays a key role in managing traditional markets. In his statement, he emphasized that market management is committed to protecting traditional markets by considering their strategic locations, improving service quality, and ensuring compliance with existing regulations. This protection also aims to ensure that traditional markets can continue to operate efficiently and remain attractive to consumers, despite having more limited facilities than modern retailers.

In this case, the government's efforts to provide legal protection for traditional markets in Parepare City can take the form of restricting business licenses for the opening of modern retailers and tightening the granting of licenses, which means that not all business licenses for modern retailers will be easily granted. Additionally, the local government is committed to maintaining a balance between the development of modern retail and the sustainability of traditional markets. Based on the results of the research analysis, the efforts of the local government of Parepare City to maintain this balance between the two sectors are explained as follows:

3.1.1.Modern Retail Business License Supervision

Traditional markets in Parepare City must receive sufficient attention, given that modern markets will increasingly threaten the existence of traditional markets. One important issue that must be addressed is the licensing of modern retail establishments. Article 12 of Presidential Regulation No. 112 of 2007 on the Regulation and Development of Traditional Markets, Shopping Centers, and Modern Stores stipulates that to operate traditional markets, shopping centers, and modern stores, businesses must obtain a Traditional Market Management Business License (IUP2T) for traditional markets. The IUP2T is a mandatory license that must be held by companies or entities wishing to manage traditional markets. Traditional markets are business premises built and managed by the government, local governments, private entities, or cooperatives, consisting of stalls, booths, and tents owned or managed by small-scale traders, medium-scale traders, community-based traders, or cooperatives engaged in small-scale businesses with limited capital, and where goods are sold through bargaining. The issuance of IUP2T is regulated by Presidential Regulation No. 112 of 2007 on the Regulation and Development of

Traditional Markets, Shopping Centers, and Modern Stores.¹³

Shopping center business license (IUPP) for shops, malls, plazas, and trade centers. IUPP is a license required to establish and manage shopping centers, such as shops, malls, plazas, and trade centers. A shopping center is a specific area consisting of one or more buildings constructed vertically or horizontally, which are sold or leased to business operators and equipped with integrated facilities.¹⁴

Modern store business license (IUTM) for minimarkets, supermarkets, department stores, and wholesalers. IUTM is a license that must be obtained by business operators who wish to establish and manage modern stores, such as minimarkets, supermarkets, department stores, hypermarkets, and wholesalers. A modern retail store is a store with a self-service or semi-self-service system that sells various goods in retail form, such as minimarkets, supermarkets, department stores, hypermarkets, or wholesale stores in the form of wholesale markets.¹⁵

The Regional People's Representative Council (DPRD) of Parepare City, South Sulawesi, has recommended that the City Government close minimarkets or modern retail stores operating in close proximity to one another. One such minimarket on Nurussamawati Street is suspected of violating the 500-meter distance requirement between retail establishments.

The management of modern retail permits, particularly for minimarkets, has often been a contentious issue in the community. Although regulations governing the establishment of minimarkets are outlined in a Regional Regulation (Perda), their implementation has faced various obstacles, including legal proceedings. The local government has demonstrated its commitment to enforcing regulations by resolving conflicts peacefully, including taking firm actions such as revoking the license of a minimarket that clearly does not comply with the regulations. Additionally, revising the Regional Regulation related to traditional markets and modern retail is a fundamental step to improve regulations to better align with community needs.

3.1.2. Government Legal Protection for Traditional Market Business Operators and Improving Facilities

Traditional markets, as a platform for small traders such as micro and small businesses, must be empowered, as the businesses operating in traditional markets are one of the key drivers of the national economy. As stated in Article 5 of Parepare City

¹³ Rahmat Agus. Peran Pemerintah Dalam Perlindungan dan pemberdayaan Pasar Tradisional Di Kota Kotamobagu. 2022. Hlm 18-29. DOI: <https://doi.org/10.59713/projip.v1i1.37>

¹⁴ Afif Noor. Perlindungan Terhadap Pasar tradisional Di Tengah Ekspansi Pasar Ritel Modern. 2013. Hlm 107-102. DOI: <https://doi.org/10.21580/economica.2013.4.2.782>

¹⁵ Ibid

Regulation No. 11 of 2023 on the Empowerment, Development, and Protection of Cooperatives and Micro Enterprises, the empowerment and development of small businesses are intended to achieve and enhance local economic growth and improve community welfare through the role of micro enterprises. The efforts of the Parepare City Government in this regard are outlined in Article 23 of Parepare City Regulation No. 11 of 2023 on the Empowerment, Development, and Protection of Cooperatives and Micro-Enterprises. The government has taken steps to expand funding sources and facilitate microenterprises in accessing bank loans and financial institutions. This initiative aims to ensure that microenterprise operators have broader access to funding sources. Often, micro businesses face difficulties in obtaining working capital due to insufficient collateral or lack of understanding of banking procedures. Therefore, the government or relevant agencies need to create policies that support easier access to credit, such as providing interest subsidies, guaranteeing micro business loans through the People's Business Credit Program (KUR), or establishing a special bank for small businesses.¹⁶

Increase the number of financing institutions and expand their networks so that they are accessible to microenterprises. In many cases, microenterprises in remote or rural areas do not have access to formal financial institutions such as banks or cooperatives. Therefore, it is important to increase the number of financing institutions that serve microenterprises, such as savings and loan cooperatives, fintech lending, or government financing programs. In addition, expanding the network of financing institutions means establishing branches or digital services that enable business operators to access loans or working capital more easily.¹⁷

Providing ease in obtaining fast, accurate, affordable, and non-discriminatory financing in accordance with the provisions of laws and regulations. This emphasizes that the procedures for obtaining financing must be simple and not burden micro businesses with difficult requirements. Additionally, loan costs must be affordable (low-interest or interest-free for certain businesses), and financial institutions must provide transparent services without discrimination based on social factors, gender, or geographical location. Clear regulations must be enforced to ensure that microenterprises can grow without being hindered by bureaucracy or discrimination in access to capital.¹⁸

Assisting micro-enterprises in obtaining financing and other financial services/products provided by banks and non-bank financial institutions, both those using conventional systems. Micro-enterprises require various types of financial support, not

¹⁶Yuniarti, Rizki. Akses Pembiayaan UMKM dalam Pengembangan Usaha. 2024. Hlm 1. https://digilib.perbanas.id/index.php?p=show_detail&id=1129665&keywords=

¹⁷Zia, Halida. Pengaturan Pengembangan UMKM di Indonesia. 2020. Hlm 4. DOI: <https://doi.org/10.36355/rj.v1i1.328>

¹⁸ Ibid

only in the form of working capital loans but also other financial services such as savings, business insurance, and digital payments. Therefore, the government and financial institutions must provide programs that enable micro-enterprises to obtain services that meet their needs. Conventional and sharia financial systems must be easily accessible, especially for business operators who prefer sharia financial principles in managing their businesses.¹⁹

In addition, traditional market facilities must also be an equally important focus in attracting visitors. Article 4 of Parepare City Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets states that traditional markets in Parepare City must have basic facilities such as shops, stalls, or tents.

A concrete example of the local government's efforts is the revitalization plan for Wekke'e Market. This initiative has garnered attention from the City Government of Parepare, which proposed the revitalization of Wekke'e Market to the Central Government, which was subsequently approved with the issuance of Ministry of Trade Regulation No. 66 of 2021 on the assignment of regents/mayors in implementing development/revitalization activities for traditional markets and non-system warehouses funded through the 2022 State Budget (APBN) assistance budget.²⁰

The granting of modern retail licenses and legal protection for businesses in traditional markets, as well as market revitalization, are policy measures taken by the local government of Parepare to maintain the sustainability of traditional markets amid competition with modern retailers. This step is expected to not only create a balanced ecosystem, but also support local economic growth and overall community welfare.

3.2. Factors Affecting the Development of Modern Retail in Parepare City

Modern retail has experienced rapid growth in recent decades, driven by changes in consumer patterns, technological advances, and economic growth. By offering convenience and excellent facilities that provide an attractive shopping experience for consumers, this growth began with the emergence of minimarkets and supermarkets that offer a wide variety of products in one place. The existence of modern retail makes it easier for consumers to meet their daily needs without having to travel to different locations.²¹

The development of modern retail activities in Parepare City currently shows significant dynamics compared to previous years. Parepare City, known as one of the shopping centers in the Ajatappareng region, has experienced changes in consumer patterns influenced by economic development. The presence of modern retail, particularly

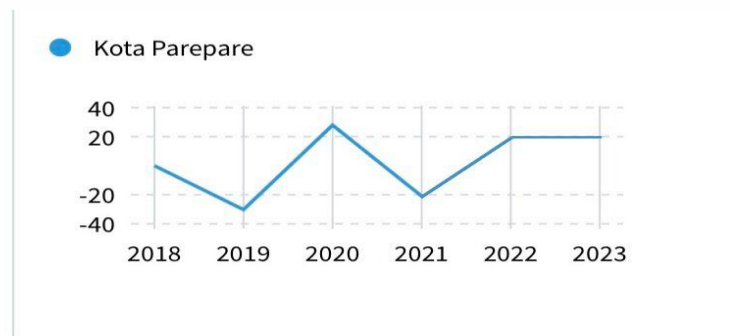
¹⁹ Ibid

²⁰ RAF, Pasar Wekke'e (Parepare: Pareparekota, 2023) <https://pareparekota.go.id/index.php/tag/pasar-wekkee> (22 November 2023).

²¹ Ainun Mardiyah. Persaingan Usaha Warung Tradisional dan Toko Modern. Jurnal Bisnis dan Manajemen. 2021. hlm 91. DOI: 10.26905/jbm.v8i1.5454

minimarkets, in Parepare has brought about major changes in the way people shop. Whereas previously the people of Parepare relied more on traditional markets to meet their daily needs, they now view modern retail as a more practical and convenient alternative.

Although traditional markets remain an important part of the local economic structure, competition with modern retailers requires them to adapt by improving service quality and product verification. The results of research on the development of modern retail in Parepare City can be seen in the following graph:



However, in 2020, there was a rapid surge indicating recovery, which may have been driven by government policies or increased purchasing power among the population. In 2022 and 2023, this sector showed stabilization, reflecting the ability of modern retail to adapt to challenges and create more stable growth potential. The main factors influencing the development of modern retail in Parepare include the number of residents, which plays an important role in the development of modern retail, especially in relation to spatial planning, licensing, and zoning regulations. Rapid population growth has driven an increasing demand for more efficient and easily accessible modern retail services. To support this, the local government must carefully regulate the location of modern retail establishments through Local Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets to ensure that the growth of modern retail remains in line with the city's spatial planning. Regulations regarding the number of modern retail locations must consider population density to prevent concentration in certain areas that could harm traditional markets. Article 8(3) of Local Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets states that "the establishment of modern retail must consider an analysis of the socio-economic conditions of the community," meaning that population size is one of the factors influencing the development of modern retail in determining the scale and location of modern retail, which indirectly increases demand for various basic necessities and other consumer products.

Another factor is the increasingly complex needs of the community, which have

become one of the main drivers of modern retail development in Parepare City. In this context, through Local Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets. The complex needs of the community include demand for easier access to quality products, fast service, and flexible operating hours. Modern retail meets these needs through convenient locations, digital payment systems, and round-the-clock availability of goods. Therefore, the government has a legal responsibility to regulate the development of modern retail through regulations covering business licensing, zoning, and business practice oversight. For example, Regional Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets considers strategic zoning for modern retail to avoid harming traditional markets that serve specific community needs.

The presence of modern retail is not always detrimental. This can be seen from the factors driving the progress of Parepare City. Local Regulation No. 10 of 2017 on the Regulation and Development of Traditional Markets, Shopping Centers, and Supermarkets ensures that the development of modern retail is aligned with urban development, so that it is not solely profit-oriented but also provides benefits for the broader community. For example, the location of modern retail must be strategic but not detrimental to small businesses or traditional markets, which are also part of the local economic identity. With effective regulations, the development of modern retail can become the main driver of progress in Parepare City, both economically, socially, and in terms of infrastructure, without neglecting the principles of fairness and sustainability.

The development of modern retail in Parepare City presents a significant challenge for the City Government in recognizing the importance of maintaining a balance between modern retail and traditional markets so that both can develop harmoniously. To this end, efforts to strengthen regulations and revise existing rules are continuously being undertaken by the government. The aim is to ensure that the sustainability of traditional markets is preserved despite the ongoing growth of modern retail.

3.3 The Impact of Modern Retail Growth in Parepare City

As a city that continues to grow, Parepare faces unique challenges in maintaining a balance between progress and the preservation of traditional values. Modern retail offers its own appeal with convenience, cleanliness, and neatly arranged products. This phenomenon often acts as a magnet for the younger generation and the middle class seeking a more practical shopping experience. However, on the other hand, the presence of modern retail also raises concerns, particularly among traditional market vendors who feel overwhelmed by unfair competition.²²

²² Pertumbuhan Ekonomi Kota Parepare

The presence of modern retail has had a significant impact on small traders in Parepare City. This statement highlights a noticeable change in the daily income of traders, which previously reached around Rp. 6,000,000 (six million rupiah) per day but has decreased by 20% to approximately Rp. 4,000,000 (four million rupiah) per day. These figures reflect the competitive pressure felt directly by traditional market vendors due to the increasing preference of consumers for modern retail. Researchers did not only interview one vendor but four vendors provided their statements. From all the interview results, one common impact of the presence of modern retail among all traditional market vendors is a decrease in sales. This can be seen from the following classification:

Table 1. Income of Traditional Market Traders

No.	Market Traders	Before the development of modern retail	After the development of modern retail
1.	Merchant 1	Rp. 6.000.000	Rp. 4.000.000
2.	Merchant 2	Rp. 8.000.000	Rp. 6.000.000
3.	Merchant 3	Rp. 6000.000	Rp. 4.000.000
4.	Merchant 4	Rp. 6000.000	Rp. 4.000.00

Based on the data above, it can be concluded that the presence of modern retail has had an impact on traditional market traders. Before the emergence of modern retail, the income of vendors ranged from Rp. 6,000,000 (six million rupiah) to Rp. 8,000,000 (eight million rupiah) per day. However, following the rapid development of modern retail, their income has consistently decreased by an average of Rp. 2,000,000 (two million rupiah) per day.

To maintain the sustainability of traditional markets, policies that support local traders are needed, such as market revitalization programs, promotion of local products, and strengthening legal protection so that they can compete amid the rapid growth of modern retail.

The existence of modern retail has brought significant changes in the social interaction patterns of the community, especially in the context of traditional markets. In the past, traditional markets were not merely places for buying and selling but also served as spaces for social interaction among residents. People used them to exchange information, strengthen social bonds, and engage in community-based economic activities. However, with the rise of modern retail, which offers convenience and efficiency, traditional markets have gradually begun to decline. One of the main factors driving this change is the digital shopping services offered by modern retail.

Nowadays, people can easily purchase their needs through apps without having to visit the market in person. This convenience indirectly reduces the intensity of social

interaction that typically occurs in traditional market environments. Additionally, the more individualistic nature of minimarkets and supermarkets makes the shopping experience more closed off compared to the vibrant, interactive atmosphere of traditional markets. As a result, the number of shoppers at traditional markets has decreased, directly impacting the revenue of small vendors. If this situation continues without proper intervention, traditional markets could lose their role in the social and economic ecosystem of the community. While the presence of modern retail is often associated with unfair competition for traditional markets, its growth also reflects economic modernization that can bring benefits to the city of Parepare. Modern retail is not only an indicator of changes in consumer behavior but also contributes to increased investment, job creation, and regional economic growth. With modern retail, the public can access goods more easily, obtain more stable prices, and enjoy better facilities compared to traditional markets.²³

The development of modern retail in Parepare reflects the growing economy of the region, making it more competitive with other areas. However, this growth needs to be managed wisely to avoid significant negative impacts on small traders and traditional markets. The government plays a crucial role in ensuring this balance, one of which is through regulations governing the distribution of modern retail to prevent monopolization of the trade sector.

As a form of protection, the government has issued various regulations to ensure the sustainability of traditional markets, such as Presidential Regulation No. 112 of 2007 on the Regulation and Development of Traditional Markets, Shopping Centers, and Modern Stores. Additionally, Regional Regulation No. 10 of 2017 further regulates the presence of modern retail to prevent it from threatening the survival of traditional markets. With the right policies, the development of modern retail can benefit all segments of society without sacrificing the small businesses that have long been the backbone of the local economy.²⁴

4. CONCLUSION

Based on the research findings, it can be concluded that the local government of Parepare City has implemented regulations such as local regulations and mayoral decrees specifically addressing zoning, distance restrictions, and permits for modern retail establishments to protect the sustainability of traditional markets in the face of modern retail expansion. In addition, the government also monitors the issuance of permits for modern retail outlets and empowers traditional markets and traders in the hope that the sustainability of traditional markets will be maintained as the center of the local economy. The development of modern retail in Parepare shows significant changes, marked by the

²³ Amalia, Rizqi Jauharatul. Analisis perilaku konsumtif dan daya beli konsumen terhadap belanja online di masa pandemi COVID-19. 2022. Hlm 1-16. <https://doi.org/10.24239/jiebi.v4i1.87.1-16>

²⁴ Wahyuni, Putri, and Sri Walny Rahayu. Pemberdayaan Usaha Mikro Kecil Swayalan Ritel 212 Mart Di Kota Banda Aceh. 2021. Hlm 421-430.

growth of minimarkets from 2018 to 2023. The main factors are population growth, complexity of needs, and local economic contribution. The presence of modern retail also impacts traditional markets, such as a decline in traders' revenue and changes in consumer behavior. To maintain balance, fair government policies are needed to protect traditional markets without hindering modern investment.

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