

# The Impact Of COVID-19 Pandemic On The Income Of Traditional Market Traders In Indonesia

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**Abstract.** Traditional markets have a very important role in the economy of a region. The increasing number of traditional markets indicates the opportunities, such as employment, management of financial resources, increase welfare, and other opportunities that contribute to alleviating the problems of unemployment and poverty. The traditional market is an informal sector that can become a problem-solving for labor issues, especially in the current economic crisis. Indonesia's economy is very dependent on the trade sector through the existence of traditional markets in many regions. Policies for handling the COVID-19 pandemic have had a significant impact on the income of traditional market traders. This study discusses the impact of the pandemic on the income of traditional market traders in Indonesia. The study was conducted by using mixed-method and field research. Smart PLS 3.0 was used to analyze the quantitative data. Meanwhile, the qualitative data were analyzed by using NVIVO 12. The study was conducted in traditional markets in Indonesia. The primary data was obtained through an interview, and the sampling technique used was accidental sampling. The results of the study show empirical evidence regarding the impact of the COVID-19 pandemic, namely trading hours, types of goods, and locations that have a simultaneous effect on the income of traditional market traders in Indonesia.

**Keywords:** Trader; Traditional Market; COVID-19 Pandemic;

## Introduction

Traditional markets have a very important role in the economy of a region. The increasing number of traditional markets indicates many opportunities, such as employment, management of

financial resources, increase welfare, and other opportunities. This means that the existence of a trading center contributes to alleviating the problems of unemployment and poverty. In a business, revenue is the amount of money

earned or received by a company from an activity, almost all of it from selling products or services to customers. Consistent revenue growth and profit growth are considered important for companies since they can be sold to the public through shares to attract investors. The concept of income is usually used to measure the economic condition of a company, household, or individual. One of the concepts that are most often used is the level of income. Income refers to all money or other material received by someone within a specific period in an economic activity (Tjandra and Wahjudi, 2006).

The existence of modern shopping centers, such as minimarkets, supermarkets, and hypermarkets has slightly disturbed the existence of traditional markets. The similarity of functions owned by modern shopping centers and traditional markets has led to a competition of both. It is feared that the proliferation of modern shopping centers will kill the existence of traditional market which is a reflection of the people's economy (Endi Sarwoko, 2008). In general, traders have the main goal of getting a certain profit (perhaps maximum profit) and maintaining or increasingly trying to increase it. Traditional markets have various weaknesses that have become basic characters that are very difficult to change, ranging from design factors, layout, and appearance that are not as good as modern shopping centers. The

complexity of the weakness of traditional markets causes consumers to switch from traditional markets to modern shopping centers. However, traditional markets have advantages that modern shopping centers do not have, namely the existence of a bargaining system that creates connections between traders and customers. In traditional markets, there is a style of communication that cannot be found in modern shopping centers. The bargaining system in buying and selling transactions in traditional markets creates a certain relationship between traders and customers. In contrast to modern shopping centers where the price of goods is fixed and there is no communication between the trader and the customer (Suryananto, 2005).

The informal sector can become a problem-solving for the employment issues, especially in the middle of an economic crisis. People who work in the informal sector are considered to be marginal residents because their motivation in working is solely to maintain daily survival, not to accumulate profits or to gain wealth. Many informal sectors can be appointed as activities to generate income in a society. Trading business is one of the businesses that can generate income for the community, such as trading business in traditional markets or door-to-door trading.

In mainstream economics, the concept of a market is any structure that allows customers and traders to exchange goods, services, and information. The

exchange of goods or services for money is called a transaction. The market is made up of all the good customers and traders who influence the price of goods. This influence is the main study of economics and has risen several theories and models about the basic market forces of supply and demand. There are two roles in the market, customers, and traders. Markets facilitate trade and enable the distribution and allocation of resources in society. Markets emerge more or less spontaneously or intentionally built by human interaction to allow the exchange of rights (ownership) of services and goods.

Indonesia is one of the countries that have many markets, the majority of which consist of 15,657 traditional markets. Meanwhile, there are 650 shopping centers and 1279 supermarkets. (BPS, 2019). The COVID-19 pandemic which spread to almost all countries in the world has caused abnormal mobility and trade access which can potentially become a place for the transmission of the Corona Virus in various countries, even in small cities (Nasution et al., 2020). The COVID-19 pandemic in 2020 gives pressure on market players, especially traditional traders in Indonesia. On the one hand, restrictions have given more challenges to traditional markets. On the other hand, easing COVID-19 restrictions strengthens the chain of transmission of the Corona Virus. This makes the position of traditional markets in

Indonesia in a very dilemmatic situation. (Muttaqin, 2021).

The Dewan Pimpinan Pusat Ikatan Pedagang Pasar Indonesia (IKAPPI) or the Central Executive Board of the Indonesian Market Traders Association on June 24, 2021, released as many as 153 new positive cases of COVID-19 in 28 markets and 19 cases of death. Thus, since the first case of COVID-19 was announced in Indonesia on March 2, 2020, the total number of positive cases of COVID-19 in 321 traditional markets in Indonesia has become 1,934 cases and 89 cases of death (Warae et al., 2021 and Widi, 2021). In general, the government enforces the 5M protocols, known as Mencuci tangan (washing hands), Memakai masker (wearing masks), Menjaga jarak (social distancing), Menjauhi kerumunan (staying away from crowds), and Mengurangi mobilitas (reducing mobility). Furthermore, the government also implemented Large-Scale Social Restrictions through Government Regulation Number 21 of 2020 (Vincentius Gitiyarko, 2020). The government has also implemented the enforcement of social restrictions or what is known as Pembatasan Kegiatan Masyarakat (PPKM) which makes it more difficult for the community to carry out their activities. People are required not to leave the house and do activities inside the house or what is called Work from Home (WFH) (Susiwijono Moegiarso, 2021).

The variable of working hours, according to Muryati, has a significant effect on the income of traders because a large number of working hours will increase the productivity value of traders. In other words, there will be more opportunities for customers to buy the traders' goods (Muryati, Akhmadi, Nurhayati, 2015). More customers will certainly increase sales results and profits. In addition, the study conducted by Adhikari also indicates that working hours have a significant effect on income (D. Adhikari., 2017). Various policies for handling the COVID-19 implemented by the Government have impacted the turnover of traders. The Ministry of Trade noted that the turnover of traders in traditional markets experienced a decline by an average of 40% during the COVID-19 pandemic. Sire Agustina, the Inspector General for the Ministry of Trade, mentioned that there are 157 traditional markets in Indonesia. The decline in turnover was also followed by a decrease in the number of traders by 29 percent (Dinda Wulandari, 2020). This study discusses the impact of the COVID-19 pandemic on the income of traditional market traders in Indonesia with aspects of measuring the influence of trading hours, types of merchandise, and trading locations on traders' income.

### **Method**

The study was carried out by using a mix method and field based research. The quantitative data were analysed by using

Smart PLS 3.0 and the qualitative data were analysed by using Nvivo 12. The location of this study was set in traditional markets in Indonesia, including Pasar Traditional Bringharjo, Demangan, and Kranggar in Yogyakarta, Pasar Traditional in Klewer and Pasar Gede in Solo, Pasar Traditional Badung and Pasar Sukowati in Bali, Pasar Traditional Al Mahirah, Rukoh and Pasar Lamnyong in Aceh, Pasar Tiga Raja Parapat in North Sumatra, Pasar Traditional Kosambi and Pasar Sederhana in Bandung.

The primary data was obtained by interviewing traders who were selected as samples based on a prepared questionnaire. The traders are those who managed to trade their goods on the side of the road up to these days by using the emergency tents that have been provided. Meanwhile, the secondary data was obtained from agencies or institutions related to this study, such as the BPS data (Statistics Indonesia). Furthermore, the researchers also obtained secondary data from YouTube, Journals, and Social Media as well as articles that were relevant to this study. The sampling technique in this study follows accidental sampling which is a sampling technique based on coincidence. It means anyone who coincidentally meets the researchers can be used as the sample of the study provided the person who happened to be met is suitable as a data source (Sugiyono, 2005). The total number of respondents is 52 traders chosen from various markets described above.

The questionnaires were designed as closed questions in which the answers have been limited by the researcher so that the respondents can answer the questions at length according to their perspective. The items for the questionnaire consist of variable indicators of trading capital, trading hours, place or kiosk, and alternative answers. The analysis of quantitative data was conducted by using a software called SmartPLS 3.0.20 Partial least Square. This is a multivariate statistical technique that can handle many response variables as well as explanatory variables at once. Meanwhile, the qualitative data analysis were conducted by using Nvivo 12 Plus software to produce data reduction and data display.

## Results

### 1. The Effect of Trading Hours on the Income of Traditional Market Traders in Indonesia

The results of the study indicate that trading hours affect the income of traditional market traders in Indonesia. Every trader in carrying out their business activities expects to get the maximum profit. Of course, this is followed by a longer number of working hours. Working hours are the length of time a trader performs the activity of trading goods. The amount of profit is largely determined by the amount of time spent on business activities. It means the longer the working hours, the higher the profits.

**Table 1. The Characteristics of Respondents Based on the Comparison of Trading Hours**

<b>Trading Hours Before the pandemic</b>	<b>The number of traders</b>	<b>Trading Hours During the pandemic</b>	<b>The number of traders</b>
I<49 hours (<7 hours/day)	4	I-49 hours (<7 hours/day)	50
49-56 hours (7-8 hours/day)	13	49-56 hours (7-8 hours/day)	1
56-63 hours (8-9 hours/day)	15	56-63 hours (8-9 hours/day)	1
63-70 hours (9-10 hours/day)	14	63-70 hours (9-10 hours/day)	0
70-77 hours (10-11 hours/day)	4	70-77 hours (10-11 hours/day)	0
77-84 hours (11-12 hours/day)	2	77-84 hours (11-12 hours/day)	0

<b>Total</b>	<b>52</b>	<b>Total</b>	<b>52</b>
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The characteristics of respondents based on trading hours before the COVID-19 pandemic can be seen as follows. The trading hours of the majority of respondents (15 respondents [29%]) were 56 – 63 hours (8 – 9 hours/day), 63 – 70 hours (9-10 hours/day) as many as 14 people (27%), 49 – 56 hours (7 – 8 hours/day) as many as 13 people (25%). Meanwhile, due to the COVID-19 pandemic, the majority of traders were only able to trade <49 hours (<7 hours/day), namely 50 traders (96%). This is due to the local government's regulations in each market scheduling trading at 05:00 – 11:00 or 11:00 – 05:00 every day. This regulation certainly has a significant influence on the income received by traders in traditional markets in that before the COVID-19 pandemic, the income received was > than IDR 40,000,000.

## 2. The Effect of Trade Types on the Income of Traditional Market Traders in Indonesia

This study found that the type of goods did not affect the income of traditional market traders in Indonesia. The types of goods are those usually sold in traditional markets. Usually, the types of goods traded include fish, fruits, vegetables, eggs, meat, clothes, electronic equipment, necessities, services, prayer facilities, etc. The needs of the community are generally available in traditional markets and the process of buying and selling transactions is carried out by bargaining so that the consumers can obtain goods obtained at relatively cheap prices in traditional markets.

During the COVID-19 pandemic, traders who previously sold clothes do not change their types of goods into other types of trading items, such as medical equipment. Likewise, the meat traders will keep selling meat during the COVID-19 Pandemic. This is because the trader has long experience and is following the type of goods that the trader can do.

**Table 2. The Characteristics of Respondents by Trading Period**

<b>Trading Period</b>	<b>Respondents</b>	<b>Percentage</b>
0-5 Years	2	4%
5-10 Years	7	13%

10-15 Years	11	21%
15-20 Years	5	10%
20-25 Years	11	21%
25-30 Years	11	21%
>30 Years	5	10%
<b>Total</b>	<b>52</b>	<b>100%</b>

Because of the COVID-19 Pandemic, traders do not take advantage of the pandemic situation by selling products needed for the pandemic, such as masks, hand sanitizer, face shields, personal protective equipment, etc.

### 3. The Effect of Location on the Income of Traditional Market Traders in Indonesia

This study indicates that the location variable does not affect the income of traditional market traders in Indonesia. This variable has no effect because the location of the market is close to other markets that are much busier. The market traders also complained that the internet connection in the market location is so weak that traders are also unable to run the online market. In addition, the condition of the building with rainwater on the south and north sides of the Klewer market also discourages customers from going to the shopping center. The large potential for the spread of the Corona Virus in shopping centers or traditional markets makes people reluctant to shop because people's

activities are mostly at home. Therefore, the strategic location of traditional markets does not influence the income received by traders in traditional markets in Indonesia.

### 4. The Influence of Trading Hours Types of Trade and Locations on the Income of Traditional Market Traders in Indonesia

The results of the analysis indicated that trading hours, types of goods, and location affected the income of traditional market traders in Indonesia. The existence of the COVID-19 pandemic has changed trading hours which were 7-10 hours before the Pandemic was now changed to be under 7 hours based on the local government's regulation. Regarding the types of goods, the majority of traders were reluctant to replace their merchandise with the necessities needed during the pandemic. However, several new traders provided the need for self-protection, such as mask seller, Bear Brand (Canned Milk) seller, and herbal medicine seller who

previously worked as a laborer or an employee.

A large number of traders will certainly affect their income, due to increasingly fierce competition. For this reason, a special condition is needed for traders to find opportunities and attract consumers so that their goods can be sold and obtain optimal profits. Trading profits for street vendors are part of their income. The results of article data analysis related to the effect of trading hours, types of trading, location, and income of traditional market traders that most often appear using Nvivo Software can be seen as follows: the influence of trading hours has an effect on the decrease in trader turnover which is quite drastic. The income of traditional market traders is followed by the prolonged Covid-19 factor which has an impact on the socio-economics of market traders.

### Conclusion

The COVID-19 pandemic has had a significant impact on the income of traditional market traders in Indonesia. The variable of trading hours affects the income of traders due to the policy of enforcement of social restrictions (PPKM), so the operating hours of trading were limited. Traditional traders needed to make various adjustments to various policies issued by the Government in which people's

mobility is limited, so trading opportunities on social media need to be increased. The role of the Local Government is also very important for the sustainability of the income of traditional market traders in Indonesia, especially in ensuring related conditions, providing market facilities and cleanliness as well as implementing strict health protocols to minimize the spread of the COVID-19 for smooth transaction process between traders and customers.

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