

Challenging Social Capital to Develop Community-based Digital Economy Platform in the Traditional Market

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Abstrak

Perusahaan swasta dan besar biasanya menjadi pemilik serta pengelola platform digital dan menempatkan pedagang di pasar tradisional hanya sebagai penyedia barang. Hal ini menjauhkan pedagang untuk mendapatkan keuntungan tambahan dari ekonomi digital dan dari proses pengambilan keputusan. Tulisan ini mengeksplorasi kekuatan modal sosial untuk meningkatkan peluang bagi pelaku ekonomi kecil seperti pedagang di pasar tradisional untuk mendapatkan manfaat dari ekonomi digital melalui platform pasar *online* berbasis komunitas untuk mengatasi tantangan tersebut. Metode penelitian yang digunakan adalah deskriptif kualitatif dengan pendekatan studi kasus. Data diperoleh melalui wawancara, dokumentasi, dan *Focus Group Discussion*. Tulisan ini membuktikan bahwa modal sosial mengatasi permasalahan modal uang untuk memanfaatkan peluang inovasi ekonomi digital. Hal ini memperkaya wacana keterkaitan antara hubungan sosial dan pembangunan ekonomi di kawasan berbasis masyarakat seperti pasar tradisional.

Kata kunci: demokrasi ekonomi; modal sosial; komunitas; pasar tradisional

Abstract

A large private corporation usually owns and manages the digital platform and places merchants in the traditional market only as providers of goods. It puts merchants away from the additional advantages of the platform and excludes them from the decision-making process. This article explores the strength of social capital to enhance the opportunity for small economy actors such as merchants in traditional markets to benefit from the digital economy through a community-based online market platform to overcome that challenge. This study uses a qualitative descriptive research method with a case study approach. Data were obtained through interviews, documentation, and Focus Group Discussions. This study proves that social capital overcomes the problem of money capital to take advantage of digital economy innovation. It enriches the discourse linkage between social relations and economic development in community-based areas, such as the traditional market.

Keywords: economic democracy; social capital; community; traditional markets

Introduction

The COVID-19 pandemic has had a significant negative impact on various activities of daily life, including shopping at the traditional market. On the one hand, the traditional market must continue to run to maintain the sustainability of the community economy and fulfill basic food needs. On the other hand, crowds in traditional markets can also spread the virus. The COVID-19 pandemic undoubtedly threatens the existence of the traditional market as one of the most critical sectors in the people's economy.

In 2019, the Central Bureau of Statistics recorded approximately 15,657 units of traditional markets in Indonesia as a place where millions of merchants, small businesses, breeders, farmers, small artisans, and informal workers depend for their life. The traditional market is one of the livelihood centers due to its versatile ability to absorb and serve many labor opportunities amid declining economic conditions. Once the government addresses the policy to close the market, it would immediately worsen the welfare of people from the lower

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class. Therefore, maintaining the existence of this market so that it is safe and comfortable during a pandemic is one thing that needs to be addressed. There are many government policies to anticipate the negative impact of COVID-19 on traditional markets, such as the application of strict health protocols, provision of handwashing facilities, application of physical distancing, and development of digitalization in online shopping models.

Central and local governments, the private sector, banking institutions, communities, and universities have facilitated and developed many traditional market digitalization programs. There are models and variations of traditional market digitalization, starting from optimizing WhatsApp groups, other social media, and web platforms to making merchant applications (Bagian Perekonomian Sleman, 2020). For example, the Sleman district developed LOPIS (*Layanan Online Pasar Ing Sleman*), which is an online market service in the Sleman district. Apart from the government, banks such as *Bank Rakyat Indonesia* have developed *Pasar.id*, a platform that connects consumers and market merchants without face-to-face meetings. In addition, national e-commerce, such as Tokopedia and Gojek, also contributes to traditional market development. For example, Tokopedia provides promotional space facilities on its platform through traditional market accounts. Several merchants in traditional markets have joined this account, such as Beringharjo Market in Yogyakarta, Sabilulungan Market in Bandung Regency, Anyar Market in Tangerang, and Oro-oro Dowo Market in Malang. Gojek also supports the digitalization of traditional markets through the Go Shop feature and the *Lapak Ibu* application by Telkom.

In short, there are two primary models for digitalizing traditional markets. The first is an e-commerce platform where buyers can directly acquire goods from individual merchants. The issue arises when these platforms only favor merchants with tech and Internet know-how, as they must handle their own pages. Consequently, less knowledgeable merchants miss out on such opportunities and are unable to slow down their business to learn online operations. As a result, underprivileged small-scale merchants lag behind in this era of Internet adaptation. Second, an online platform can act as a shopper in the traditional market, with customers simply

placing orders and receiving them at home. However, a problem arises when platform shoppers avoid exploring stalls and buy solely from those nearest to the entrance, creating social tension among merchants based on stall locations.

Both systems share a common flaw: the added value in the traditional online market benefits third parties, leaving the traditional market and its merchants as the smallest link in online market development. The advantages of digitalizing traditional markets grow to those with greater resources, while smaller actors like merchants are marginalized. This shift disrupts the traditional market's role as a public entity, transforming it into a private entity in which merchants are treated as objects rather than citizens with the right to participate in public resource governance. These circumstances have led to the emergence of an alternative digitalization model for traditional markets through the establishment of community-based digital economy platforms, initiated in Sambilegi Market and Kolombo Market in Yogyakarta.

Hence, the online shopping models mentioned above, which are built on the principle of collectivity, are set to have a significant impact on the progress of theories relating to economic democracy and debates on digital empowerment. With regard to economic democracy, existing research has predominantly focused on its application within the realm of industrial relations within organizations and the administration of environmental assets. The present investigation aims to offer more extensive insight into the integration of economic democracy within the framework of the online shopping model.

Furthermore, this study seeks to enhance the discussion surrounding the repercussions of digitalization and its influence on small business entities, such as traditional markets, by proposing an alternative approach to digitalization that can effectively address the issue of digital inequality. Van Dijk and Hacker (2003, as cited in Lupton, 2015) stated that digital inequality is caused by a lack of access to technology, such as not having digital devices, lack of digital skills, and lack of opportunities for use. This collectivity-based online shopping model is supposed to solve this problem and minimize unequal access to obtain an advantage from digital platforms between small merchants and private or large corporations.

Theoretical Framework

Economic Democracy Approach in Traditional Market

This article underscores the challenge faced by small public economic entities, such as traditional markets, when confronted with crises such as pandemics and intense competition in the digital age. Individuals, such as merchants, whose livelihoods depend on traditional markets, cannot easily transition to the realm of private profit-driven entities like digital economy corporations, such as Gojek and Tokopedia. Consequently, merchants operating in traditional markets, which form a segment of smaller public economic entities, must collaborate to establish shared resources. The framework of economic democracy in this article serves as a guide to understanding how to shift a power economy away from the wealthiest minority and onto the majority, with the aim of creating a better ecology and promoting ethical behavior (Amalric, 2017), which helps to comprehend the solution for merchants in traditional markets to obtain the same benefit from the digital economy through social capital. It guides the building process of community-based digital economy platforms in the traditional market, which is challenged by this article.

Economic democracy is pertinent within the context of crises, such as the COVID-19 pandemic, and retains its significance in the aftermath of the crisis. The COVID-19 outbreak has exacerbated pre-existing economic disparities, resulting in heightened social tensions and political turmoil (Schmoltz & Tansey, 2023). Economic democracy can prevent economic crises by increasing democratic resilience and promoting stability in political systems during times of economic shocks. Democracies that successfully adapt to or overcome delegitimization processes after a crisis are classified as resilient. Factors such as external political efficacy and economic satisfaction play crucial roles in increasing democratic resilience (Tirado, 2023).

Economic democracy differs from other private- and profit-oriented paradigms in that it seeks to reconcile political and economic aspects. It recognizes the tension between providing sufficient wages for workers and generating profits for businesses (Leininger, 2019). In contrast, mainstream economics textbooks often marginalize or ignore the concept of

democracy (Söderbaum, 2020). Economic democracy also involves considering citizens' control over policy through mechanisms such as referendums (Bhaduri, 2020). Furthermore, it places significant emphasis on the pivotal role of worker empowerment and active involvement in decision-making processes, exemplified by innovative concepts such as economic bicameralism and market socialism (Satz, 2023; Shelley, 2021).

Traditionally, economic democracy has been a matter of economic power under collective political control. The idea was reformulated to redistribute economic power among community members, giving the community a direct contribution to economic power rather than through representation in general elections (Ringen in Indroyono et al., 2018). Economic democracy has developed significantly in the discourse on the relationship between workers and employers, agriculture, resource management, and governance issues. There are many terms to define it, but economic democracy is collective participation in decision-making, including ownership, management, and allocation systems, or enjoying the results of managing resources. In industrial relations, economic democracy is manifested in ownership sharing between workers and employers, which has consequences for investing in developing quality human resources (Guery & Pendleton, 2016).

Economic democracy is mainly identified as the management of labor or workers' rights to the ownership and profits of companies in which only the owners of capital or employers have control over resources. This condition is the antithesis of the complete control of ownership and management by the owners of capital, which treats workers as a passive means of production equivalent to electricity, land, and other capital. Because of its position as a passive means of production, the owner of capital has no obligation to share responsibility for the workforce (FitzRoy & Nolan, 2020).

Involvement in democratic or participatory enterprise management requires good performance from all parties, including workers. They must also master both proper business skills and socio-emotional skills. Economic democracy requires several skills owing to the power-sharing system between workers and employers. Appropriate business skill

requirements include financial literacy and business planning skills, such as understanding company accounts, operating profit-sharing schemes, business development, and strategy setting. Meanwhile, socio-emotional skills are needed to create an empathetic, caring, and respectful working atmosphere, which is the key to economic democracy in the workplace (Summers & Chillias, 2019).

Revitalization programs in traditional markets should also consider the aspects of business and socio-emotional skills mentioned above. Criticism can be addressed to revitalization programs by the government (local government) as the market administrator, who only focuses on the physical aspect of market building when carrying out the traditional market revitalization program. Revitalization should target broader physical and nonphysical dimensions, such as improving services, resource quality, and other innovations. Innovation and renewal also need to encourage awareness of the vital role of market residents as one of the main actors in the development and management of traditional markets. From the perspective of economic democracy, the traditional market should be collectively managed by its residents, especially market merchants. Merchants must get the right of empowerment program to obtain the knowledge and skills needed for management work to properly participate in managing resources.

According to Pramono et al. (2011), to achieve economic democracy in the development of traditional markets, market administrators need to recognize the conditions, problems, and steps to be taken. They describe this as a form of independent and participatory traditional market condition that can embrace all the interests in traditional markets. This notion is strengthened by Wibawa et al. (2018), emphasizing the challenges of current market conditions. It was stated that the challenge to achieving market participants' ideal condition still faces the traditional market governance system, which tends to concentrate more power on the government involving third parties (private sectors). They revitalize traditional markets and tend to place traditional market merchants in a marginal position. It can be concluded that the current order is not in line with the direction of traditional market management, which is based on the principles of economic democracy, which goes from the many to the few. Therefore, it is necessary to implement a traditional market administration model that refers to democratic principles to achieve social justice. The model offers three pillars: the institutional market, market human resource, and market material dimensions.

Each of these dimensions aims to accommodate the interests of various traditional market actors, such as the government, market administration, and merchants. This model

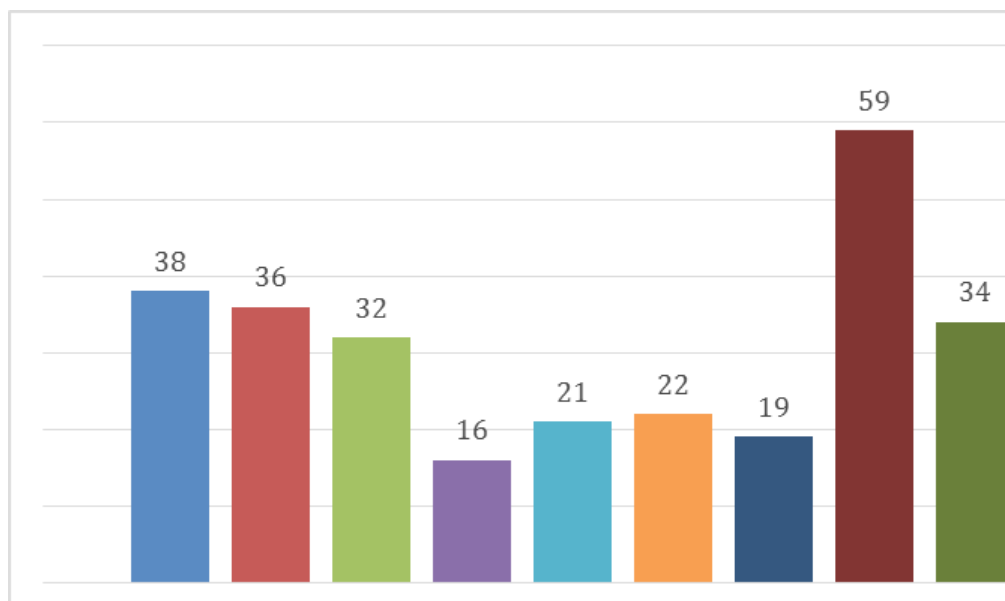


Figure 1. Traditional Market Administration Model Based on Local Culture

Source: Wibawa, et al. (2018)

prioritizes the human resource dimension as a strategy or initial step in model initiation through mentoring/empowerment activities to develop market merchants' intellectual capacity or knowledge. The second step involves initiating the institutional dimension as a continuation after the capacity of human resources has increased, including the level of awareness of participating in collective market development efforts. One form of participation, for example, is realized by involvement in managing various facilities and infrastructure, which allows all market residents to play an active role. Market residents' lives will improve through the growing role of market institutions. The third step is initiation, which targets the material dimension when market residents manage various materials (assets) used by all market residents to carry out commercial activities. At this stage, physical buildings are revitalized to improve the function of market services, including capital assistance. (Wibawa, et al, 2018).

Traditional markets serve as public or social spaces, and the key concerns of digitalization in traditional market management are the specific interventions employed in the development of digital platforms. Therefore, it is essential to assign a significant role to merchants as primary participants in the development of a collective online shopping platform, as this will have a profound impact on the livelihoods of numerous individuals.

Traditional Markets and Digitalized Market

Discourse on traditional markets is quite popular in various countries, with historical and cultural relations as public spaces where community culture is born and developed. Studies in multiple countries have attempted to link the interests of traditional market businesses with each country's institutional-cultural roots. Similar to the Agboola et al. (2018) study in a new urban area, southwest Nigeria, as a city in Africa, traditional markets have a solid connection to the local community regarding culture, language, and religion, which is very different from what happens in modern shopping centers. In Africa, for example, temples where people worship are in the middle of a traditional market center area. This study also reveals that quality (social interaction) in traditional markets affects economic, social, and environmental sustainability because of its role

as a communal space. All levels of society can fulfil their needs in the market. Its presence as a place to provide community needs ultimately directly affects poverty reduction and improves the national economy. Improving the physical quality of public facilities such as traditional markets can encourage people to continue interacting, thereby boosting the economy. However, improving the physical condition must also include wide accessibility and providing psychological comfort and security for all people (customers and merchants) who come to the market (Agboola et al., 2018).

From this explanation, many factors make market revitalization successful in terms of the physical and non-physical aspects of restoring the greatness of traditional markets. Increased spending through modernization, improved distribution system services through marketing and sales cooperation, increased market expansion by providing a forum for young people to engage in market activities, and sharpening the market's uniqueness in cultural and tourism products are essential. What needs to be emphasized here is that the entire revitalization process must be based on cooperation and participation between residents, mainly merchants, and the community (customers) (Lee, 2017).

Revitalization must aim to increase the flexibility of traditional markets to adapt to an era of increasingly fierce market competition. Merchants must compete with fellow merchants in the same market and institutionally compete in modern markets. There are several ways to achieve market flexibility, such as product specifications, strengthening market segmentation, changing market operating hours, efficiently distributing goods and market operations, and implementing budget-efficient market management. In addition, from the actor's point of view, flexibility can be built by utilizing social capital between merchants and customers and building the effectiveness of information networks among merchants, which is useful for reducing competition tensions between market residents and facilitating the coordination process (Purnomo et al., 2018).

Physical revitalization and modernization of traditional markets can be one of the keys to success for the market to reclaim its role as a center for buying and selling activities and community social interaction. On the other

hand, if market revitalization is not carried out through the involvement of market residents, it often becomes a source of conflict because of the high level of information inequality, increasing rental costs, and increasing mutual distrust between merchants, merchants, and administrators. Therefore, it is important to develop social capital before implementing physical revitalization or changes in the sales system. Improving the quality of technology and other innovations must be based on efforts to strengthen the collective institutions of market residents, especially merchants, so that they are strong and independent. It would be helpful to enhance their bargaining position in the face of increasingly intense market competition (Leksono et al., 2019). However, it must be addressed that not all traditional markets have the strength of social and institutional capital. In some places, market residents must start building collective institutions from scratch but need knowledge and resources to initiate the process of strengthening social capital. However, merchants still face various challenges in managing their commodities, marketing, accessing finance, and mastering technology.

Owing to the complexity of traditional market problems, the revitalization program requires intensive assistance to produce optimal results. One of the efforts currently being carried out is cooperation with entrepreneurs or the private sector, who collaborate to develop traditional markets through the Corporate Social Responsibility (CSR) program. This method can be an option to build mutually beneficial relationships between large companies and small entrepreneurs, such as market merchants. This kind of mentoring process has several objectives (Sahban, 2018), including: 1) Improving business capabilities; 2) Expanding access to capital facilities; 3) Aiding access to trading facilities; 4) Strengthening institutional strength; 5) Increase production; 6) Expanding marketing networks; and 7) Transfer of knowledge and technology.

These activities can increase merchants' ability and tolerance thresholds for adoption. As previously described, adaptation is crucial in facing alteration challenges. Traditional markets have experienced many institutional challenges to compete with modern markets and other lifestyle changes. Traditional markets also need help amid the crush of online shopping development. Traditional markets must compete

physically and in service innovation with digital markets. When various problems related to management and competition with modern markets are yet to be resolved, traditional market residents face a new problem: narrowing market share due to the remarkable shift in customers who choose various conveniences through the digital world. Castells (2012, as cited in Lupton, 2015) reveals that digital information has become key to economic productivity. Knowledge-based information technology generates more knowledge and information, which contributes to a new information-based economy that is globally dispersed and highly interconnected using digital technologies and other network practices. Digital technology has created new social structures, global economies, and virtual cultures.

Merchants in traditional markets are persisting in the realm of competition and digitization through the adoption of digital payment methods and the integration of electronic commerce. The utilization of digital transactions for both in-person acquisitions and virtual dealings proves instrumental in mitigating the repercussions of the ongoing pandemic while simultaneously attracting clientele (Musyaffi et al., 2022). Moreover, conventional retail thoroughfares are transitioning into the digital epoch by amalgamating their customary provisions with online amenities, such as advertisement-driven and subscription-oriented video-on-demand services (Al, 2022). Concurrently, small- and medium-sized enterprises (SMEs) acknowledge the significance of incorporating e-commerce practices and are availing themselves of digital market platforms to sustain relevance and competitiveness (Costa & Castro, 2021). Enduring enterprises capitalize on digitization to refine operational procedures, enrich customer interactions, uphold traditional craftsmanship, heighten recognition of cultural worth, and cultivate leading-edge design proficiencies (Rossato & Castellani, 2020). Collectively, merchants in traditional marketplaces are avidly embracing digital innovations and online channels to uphold competitiveness and ensure longevity in the digital era.

However, digitalization can be a threat, but at the same time, it can also be an opportunity for traditional markets to restart to rise from adversity. Digitalization can even be a weapon

for traditional markets to expand their networks, so that their breadth in the market continues beyond transactions and physical meetings. Traditional market residents will benefit by transforming their traditional systems into a more entrepreneurial perspective. The integration of e-commerce and Information and Communication Technologies (ICT) holds the capacity to significantly transform and improve traditional wholesale markets, thereby capitalizing on their advantageous attributes and creating entrepreneurial ecosystems (Cui & Yan, 2023). Furthermore, boosting the development of domestic non-tradable sectors (DNSs) and local product markets has the potential to boost growth (Song et al., 2022). Conversely, traditional marketplaces may face difficulties due to the process of digitalization. For instance, the influence of marketing channels and the increased transaction costs of physical wholesale markets may reduce their appeal (Caliskan et al., 2020). In addition, challenges such as insufficient coordination, information dissemination, and raw material and food distribution management can impede the functionality and long-term viability of traditional food supply chains (Zhou et al., 2023). Essentially, digitalizing the traditional market requires a comprehensive approach that involves careful evaluation. This is necessary to ensure that both the traditional market and its merchants can maximize their benefits and minimize any potential negative consequences.

There are several things to consider: the transformation of digital technology adoption requires a lot of new work and skills, so there needs to be various training. Using a digital market system provides several benefits to traditional markets. Song et al. (2021) argue that these benefits include reduced costs, such as kiosk rental fees and guard wages; merchants can reduce dependence on third parties because they can sell merchandise directly to buyers; expanding customer coverage area so that the potential to get customers new heights and value creation; and business model innovation. The digital market generally utilizes extensive *data* analysis, which can reveal various trends from each customer to help improve service quality. Customers will feel privileged because the seller pays attention to the routine needs of the buyer.

This condition is recognized and advocated by OECD countries. According to the OECD,

technology is an enabler, not a solution. Policy barriers are cultural, organizational, constitutional, and not technological. Overcoming, for example, in the G20 High-level Principles for Digital Financial Inclusion, “the demand side” is often overlooked in favour of “supply-side” actions. Interventions that can develop human capabilities and social capital are critical to the success of early stage ventures and enhance digital financial inclusion (OECD, 2017). This paper seeks to see a different perspective on digital development intervention efforts that emphasize the supply side, namely the condition of traditional merchants in Indonesia, which number 2.8 million people in 15.657 units of traditional markets (Kementrian Perdagangan, 2020).

On the other hand, few studies related to digital access development for traditional market merchants in Indonesia with “inside” or “supply-side” perspectives. Almost in line with the OECD’s acknowledgement, the approach also places market merchants more as clients, not as “business owners.” For example, Handayani (2021) promotes the use of ICT when conducting a market study in the city of Malang. Pasar.id is an online shopping platform with BRI partners (*Bank Rakyat Indonesia*).

Methods

The research method used to obtain the data in this study uses a qualitative descriptive research method with a case study approach. The case study approach explains the unique phenomenon of developing a collectivity-based online shopping model in the Kolombo Market. Moreover, the Kolombo Market is owned by the village. Many online shopping models have been developed in Indonesia; however, the models produced are only on an individual basis.

Data were obtained through interviews, documentation, and focus group discussions (FGD). Interviews were conducted with 25 informants, including the head of the village, the head of the social welfare unit, the head of the village parliament of Condongcatur Village Government (2 people), the platform manager of the Pasarkolombo. id (2 people), and the leader and the manager of the Kolombo Market merchant group (2 people). The data were also obtained from market merchants (15 people) and consumers (4 people) who have accessed Pasarkolombo.id. Documentation is carried

out by utilizing data on pasarkolombo.id. In addition, two FGDs were conducted: FGDs with a pasarkolombo. id manager, and FGDs with merchants. This FGD was intended to obtain more in-depth information regarding the management of pasarkolombo.id and the problems encountered.

Result

Kolombo Market is a village market under the management responsibility of the Condongcatjur District Government, Depok, Sleman, Yogyakarta Special Region. The market is built on approximately 5 thousand square meters of village treasury. This location is strategic because it is in a residential area on the outskirts of Yogyakarta, which has a very dense population. The market has approximately 600 registered merchants who occupy kiosks, stalls, and other places. They sell various types of merchandise, particularly to meet daily household needs, ranging from fresh foods and vegetables to fish and meat, processed food, household appliances, and others. Trading activity in the Kolombo Market lasts almost all day, as if there is no time to rest. There is no official opening time for sales, but most merchants and buyers have filled the market before dawn or 4 in the morning. The crowd peaks from 6 to 11 in the morning, and some

stalls and mini-stores near the road remain open until the afternoon. At night, Kolombo Market is also a culinary spot that is quite busy with visitors along Kaliurang Street. This activity lasts a whole week without any break, except for religious celebration holidays.

Pasarkolombo.id Impacts and Its Development

Pasarkolombo.id was developed with the Condongcatjur village budget initiated directly by the village head, with assistance from the Center for Economic Democracy Studies, Universitas Gadjah Mada, Mubyarto Institute, which is expected to provide perspectives and alternative solutions to various problems of traditional market digitalization. Pasarkolombo. id aims to make the government's program successful in reducing the spread of COVID-19 and to help market traders continue to sell their goods. Indirectly, this also aims to help make it easier for Kolombo market customers to purchase goods. In addition, the initiators of pasarkolombo.id also expect that in the future, they can target the middle-class segment who live in the surrounding areas and shop a lot at large grocery stores such as the Mirota Pasaraya and Superindo Kaliurang supermarkets, which are no more than two kilometers from the Kolombo market.

In the Pasarkolombo.id online shopping model launched at the end of December 2020,

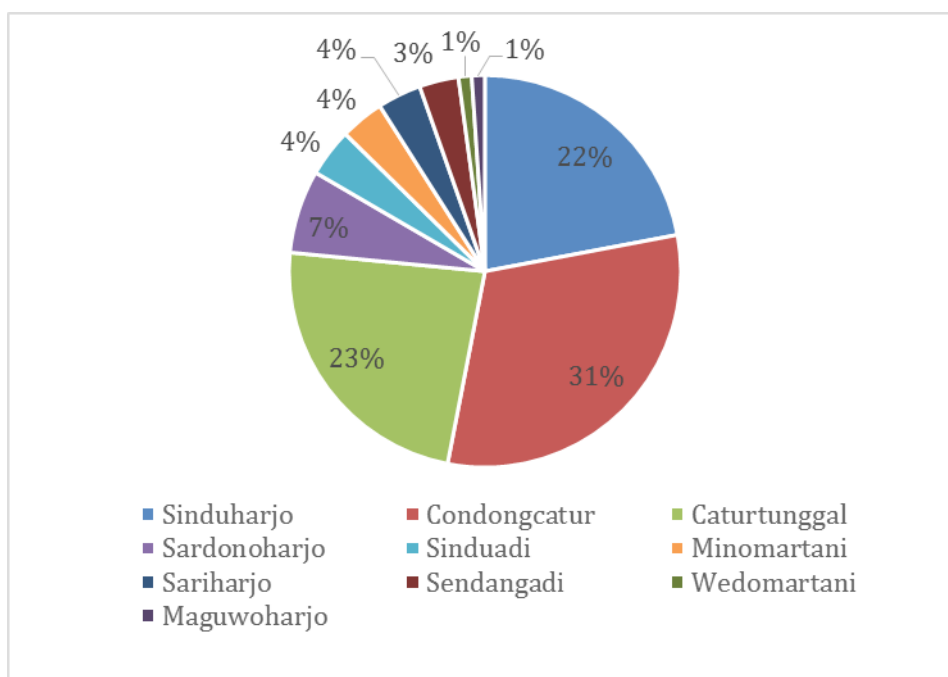


Figure 2. Village order zone (in percent)

Source: pasarkolombo.id (2021)

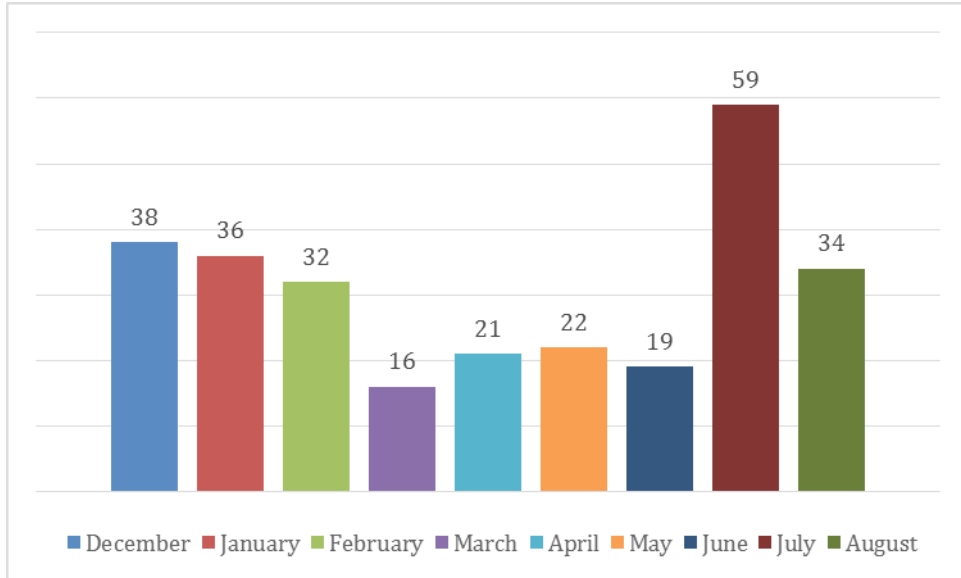


Figure 3. Frequency of Orders per Month (Dec 2020 - Aug 2021)

Source: pasarkolombo.id (2021)

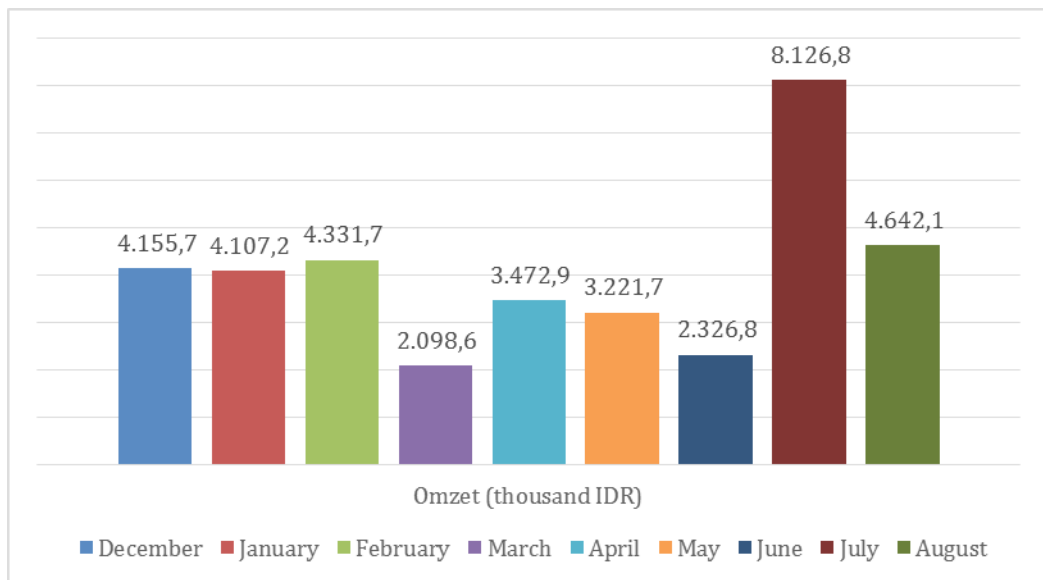


Figure 4. Value of Delivered Commodity per Month (Thousand IDR)

Source: pasarkolombo.id (2021)

administrators can monitor the number of orders, value of orders and purchase transactions, and number of delivery costs. Delivery costs are determined based on delivery distance. Based on the location addresses of consumers who use the Pasarkolombo.id application, they can be grouped into ten village zones within the range of delivery of Kolombo Market products. Three main sub-districts dominate, namely Condongcatu, Caturtunggal, and Sinduharjo, accounting for 31%, 23%, and 22% of the total product orders, respectively. Meanwhile, the

other sub-districts are Sardonoarjo (7%), Sinduadi (4%), Minomartani (4%), Sariharjo (4%), Sendangadi (3%), and Wedomartani and Maguwoharjo, each with 1%.

Based on the development of the order volume until August 2021, there are fluctuations in orders each month from the minimum of 16 orders to the highest in July, 59 orders. The average order per month was 31 books. Most orders entered in the application are basic daily necessities, such as vegetables, market snacks/snacks, fish, chicken, spices, and cooking oil. The

order value also varies greatly, but the average per order starts from the highest 630 thousand and the lowest 50 thousand, or an average of 130 thousand rupiahs per customer.

Throughout December 2020 – August 2021, sales turnover, or the value of goods sent through the *pasarkolombo.id* website, showed fluctuating developments. During the first three months, sales turnover was in the range of Rp. 4.1 million to 4.3 million, but it decreased by almost half to only 2 million rupiahs in March. The sales figure slightly increased in April, May, and June but declined again to 3.2 million rupiahs. A significant increase occurred in July 2021, reaching 8.1 million rupiahs. Especially in June-July 2021, the pandemic experienced a remarkable escalation at the regional and national levels, so the government launched the Community Activities Restrictions Enforcement (PPKM) policy. This limitation has a considerable effect on the acceleration of application usage.

The two operators actively serve orders and deliver goods. The first operator task is to receive orders, provide ordered goods, and pack them in packaging for delivery. Meanwhile, the second personnel task is delivering the goods to the customer's address. These activities were conducted by implementing the COVID-19 protocol as a government rule. For this online shopping and delivery service, the administrator of *pasarkolombo.id* sets a minimum delivery fee of 6,000 rupiahs for a certain distance and additional costs for longer distances. The *Pasarkolombo.id* online shopping model initiative, developed at the beginning of the pandemic, helps bridge the need for essential services for the surrounding community, primarily when the period of activity is enforced.

The Application of Economic Democracy in the Online Shopping Model

Suppose that economic democracy is used as a principle in managing traditional markets as a unit or (collective) institution, including in the case of *pasarkolombo.id*, which requires several things. *First*, there is participation in decision-making regarding the operation and development of the market. In many cases, decision-making is not carried out by involving the participation of market residents, mainly merchants, and parties with market interests, such as suppliers and market workers. As

public institutions, decisions regarding the market should involve all market residents, either directly or indirectly, as a manifestation of ownership in the sense of being citizens. *Second*, there is access to information spread among market residents. This equitable control of information affects the quality of economic democracy in the management of public market institutions. Information that is closed or only controlled by a few market executives causes decision making to be more oligarchic, not participatory, transparent, accountable, and others. The more information regarding matters that are (to be) decided, which will affect the existence of market residents, is divided relatively evenly among the actors, the more democratic decisions will be made economically. The application of economic democracy in this online shopping model involves merchants both as subjects and objects in market management. Some involvement of merchants can be seen from the early stage of product/commodities determination on the web platform to the sales stage.

In the product determination stage, all products owned by market merchants have the same opportunity to be displayed on a *pasarkolombo.id* market web platform. By showing the products on the web platform, it is hoped that the products owned by merchants also have the same opportunity to be chosen by consumers. The management of consumer product orders is also conducted by groups (merchant organizations). The organization manages every incoming order based on consumer orders and the principle of fairness. Thus, merchants will only feel privileged compared to other merchants. The organization also processes delivery to consumers by appointing several people to become the organization's administrators. From this explanation, the organization plays a central role in managing a fair spending model. The organization manages relations with external parties (consumers) to ensure security and fairness for all merchants in the Kolombo Market. This group also plays a vital role in maintaining collegiality and cooperation among merchants in the market. The research results in the field show that merchants in the Kolombo Market are satisfied with the management of the online shopping model at the Kolombo Market.

Discussion

From existing empirical facts, there are many obstacles and challenges in developing the digitalization of traditional markets. There are existing challenges. *First*, the lack of digital literacy among merchants and consumers leads to inequality in the adoption of online shopping. The Data Insight Center Word Survey revealed that in the Jabodetabek area (Jakarta, Bogor, Depok, Tangerang, Bekasi) in 2020, the digital readiness index of Micro Small Medium Enterprises (MSME) actors was still on a medium scale (at 3.6 from a scale of 0-5).

Second, consumers/buyers prefer to meet and interact directly with merchants, rather than placing orders online. A survey by AC Nielsen (Yunianto, 2020) revealed this condition through a survey in 11 major cities in Indonesia, including DIY, which stated that most people (58%) chose traditional markets to buy fresh food ingredients, even though the market locations were vulnerable to the spread of the coronavirus.

Third, the support of facilities and infrastructure to support market digitalization differs. In this case, not all markets have a good Internet network, thus making buying and selling difficult through online transactions. However, the gadget standards owned by merchants are different. The variation between the old and latest gadgets makes the software's readiness for online transactions problematic, like the statement from (Farransahat et al., 2020), which revealed difficulties related to using digital technology for the elderly traditional market merchants in serving online orders suggested by the Regional Government in reducing crowds, strategies for dealing with COVID-19.

Fourth, online shopping governance models are often based on the individual or private sector. This means that the management of online shopping is carried out by someone other than the parties who are traditional market merchants. The implication is that this centralization of governance is separate from efforts to expand partisanship or participation, including ownership of market residents, especially small merchants. This online shopping model can damage collectivism and social capital in traditional markets.

The condition of the traditional market digitalization model, which distances merchants from collective access to decision-making in

online shopping management, needs to be developed. If this condition is ignored, market digitalization will impact market merchants' inequality. Merchants with good human resources and digital skills perform better sales promotions than others. Thus, their income will be higher, and the conditions will even damage the collectivity of traditional market merchants.

The economic democracy context in pasarkolombo.id is a way to bridge the transition of digital economy ownership to the community like the merchants of the traditional market. The digital economy, such as online shopping, has become more relevant since the pandemic. In March 2020, Indonesia entered crisis in response to the COVID-19 pandemic. The traditional market has also experienced this economic decline. Based on temporary reports from the Ministry of Trade from 285 regencies/cities in Indonesia, there was an average decrease in the number of merchants by 39 percent due to the lack of buyers during COVID-19 in Indonesia and a decline in the number of merchants in the traditional market by 29 percent (Herman, 2020).

In addition to economic problems, merchants in traditional markets face security problems because of the risk of contracting the virus. At the beginning of the pandemic, it was recorded that 768 merchants from 147 traditional markets had acquired COVID-19 (Rahardyan, 2020). The strong stigma compounds the risk of exposure to the virus in the early days of the pandemic, which creates a massive risk for the market to instantly lose buyers when news spreads that a merchant in the market has contracted the virus, as happened at the Kranggan Market in the city of Yogyakarta, whose turnover fell sharply by up to 90% when news of fish sellers spread in the COVID-19 buoyant market (Saraswati, 2020).

Goods shopping services in the market are developed through bold upgrades. Many market consumers use the services of many start-ups or extensive e-commerce services. A few months after the pandemic, namely in June 2020, it was recorded in the city of Yogyakarta that there was a 30% increase in the use of market goods shopping services through an online taxi application (Antara, 2020). The Ministry of Trade noted a 4-fold increase in orders in several markets facilitated on the platform (Fundrika & Rachmawati, 2021).

This shows that people had high enthusiasm for the traditional online market. The problem

occurred when all the potential benefits of online shopping in the traditional market went to bigger third parties, such as e-commerce and start-ups. There are some obstacles for merchants to participate in traditional digitalizing markets, such as the need for knowledge and the ability to operate gadgets, websites, and the Internet. Hence, pasarkolombo.id was created based on economic democracy flow and indicators that consist of the following three democratization processes:

- a. The democratization of knowledge. This process aims to deliver the knowledge and skill of running and managing online shopping, including operating the digital market, calculating delivery fees, updating prices, and handling customer communication.
- b. The democratization of management. To tackle the need for knowledge of a digital system, merchants have to be the ones who hold ownership of the digital platform to facilitate all goods from all merchants.
- c. The democratization of profit. All profits from online shopping went entirely to the merchants. This method was fully supported by actors related to the Kolombo Market, such as the village government and actors in charge of the Kolombo Market. The village government was interested in increasing transactions in the traditional market since the pandemic created a massive backward trade in their market, which had the same interest as the merchants of Kolombo Market, so there was no stalemate in the negotiation process among stakeholders.

Up to nine months of operation, the impact of the transformation of the online shopping model still needs to be improved, for example, as seen from the number of merchants served by the application, which is only five percent of the total merchants. However, based on the pattern of buying and selling interactions, this model worked quite well considering the level of repeated shopping. This repurchase indicates a comfort level for consumers and merchants in transacting online.

This condition requires continued support. Improvements to this online shopping system can be categorized into internal and external strategies. Inwardly, improvements in governance need to be continuously improved,

starting from updating the products and prices offered, increasing merchant access to the application, which is currently only around 30 people or 5 percent of the total number of merchants, to other merchants who want to be served through the application. Through the organization, various advances, obstacles, and challenges need to be discussed in the organization forum to increase the confidence of other merchants in using the application. From the operator side, incentives also need to be considered regarding delivery costs and the difference in income opportunities for merchants and online shopping, so that operators are more motivated to promote to consumers or potential customers through social media or offline. Local governments can also support this by providing accessible Wi-Fi facilities on the market as public facilities. The merchant's organization can prepare a business plan for the next 1-5 years related to the expansion of the merchant's participation, improvement of performance/maintenance and application utilization rules, the performance of promotion to consumers, and delivery, and also arrange a system to manage the financial aspect of this collective business to support a projected improvement that is hopefully created through this application.

Despite various shortcomings, economic democracy has been well implemented in Pasarkolombo.id. This study strengthens the concepts and previous studies of economic democracy, such as those of Michael Poole (1989); Fabbrini (2003); Smith (2018); Fitzroy & Nolan (2020), and Cumbers (2019). The principles of economic democracy are reflected in the spirit of participation and collectivism, which are key to developing this online shopping model. Economic democracy can develop when there is good management by emphasizing the involvement and participation of merchants as the main actors. Engaging in lessons can be learned from this digital transformation process. There are several ways to encourage merchants' welfare. For instance, the transformation process emphasizes the latest technology, infrastructure facilities, readiness of human resources, and collectivity among merchants, which remains a crucial factor.

Efforts to introduce online shopping models into traditional market entities must consider the benefits of technology. What are

the benefits to merchants or market residents and to what extent can they control these online shopping instruments to strengthen their market institutionally? Buhr, (2017) questions the choice (plus-minus) of using 4.0 technology, which will be enjoyed more by whom and if by the community. Then, it depends on community control over the application of the technology. Therefore, applying the principles of economic democracy and mentoring through market education activities seems to be the right solution to overcome this problem.

As mentioned by Buhr, the introduction of Pasarkolombo.id as an online shopping model is a strategy to strengthen Kolombo Market institutions to control the process of using technology 4.0. There needs to be social innovation that uses technology. Market institutions or merchants can still collectively participate in maintaining buying and selling transactions and the added value of using technology. This pattern is different from the application of the online shopping model, which controls the running of buying and selling transactions. The added value, including the information generated by shopping media, is "outside" the market.

Farransahat et al. (2020) stated that effective promotion is crucial to maintain social innovation. Although many promotion strategies can be used, what must be done is to ensure that potential customers know how the business model works. Starting with attention and interest, notifications, and attracting attention, the online market system created can help and facilitate shopping activities. In addition, it provides information for consideration (decision) regarding the business model offered. Although it is conducted online, it is not exclusive.

Conclusion

Pasarkolombo. id's online shopping model shows the application of the principles of economic democracy, where merchants (micro, small, and medium scales) in the Kolombo market manage this online shopping model. They are involved in initiating web-based application development; displaying goods to make them appear attractive; promoting and ordering goods; providing financial transaction services; and delivering services to consumers. Functional institutions (merchants' organizations) play a vital role as collective actor nodes in

implementing economic or participatory democracy, particularly in strengthening the capacity of merchants through market education. This research confirms the existing theories that physical and non-physical aspects determine revitalization success. Merchant participation also determines the success of the online shopping model. The revitalization and modernization of traditional markets must still pay attention to merchants' local cultural values.

Researchers recommend increasing the community's capacity building to improve organizational and customer relationships. To determine how best to convince and persuade other Kolombo market merchants to join using the Pasarkolombo. id system and obtain the best operating system for critical activities to be more efficient without leaving the community's social capital. The same goes for customer relationships to determine what promotion strategies to use online and offline to improve and carry out customer relationship activities.

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