CODE OF CONDUCT AS AN INSTITUTIONAL INSTRUMENT TO PRESERVE TRADITIONAL MARKETS

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Abstract: This paper aims to establish a code of conduct framework in Pasar Besar Malang. The approach used is the qualitative grounded theory by involving market participants and market authorities as informants for ten months. Data analysis used is open coding, axial coding, and selective coding. Field findings stated that the code of conduct could make the arrangement more extensive than man’s cooperation in biographical, interactional, and organizational to increase the turnover for creating a sustainable traditional market. In addition, the code of conduct can create a rule, written or unwritten, at Pasar Besar Malang.

Keywords: Code of Conduct, Biographical, Interactional, Organizational


Currently, there are 13.650 traditional markets in Indonesia which involve 12.6 million merchants. Suppose an average merchant has two employees and four family members. Approximately, there are 118.2 million people that work as a merchant. Based on research by AC Nielsen from 2001 to 2003, traditional markets growth was minus 8.1%, while hypermarkets, supermarkets, and minimarkets grow 31.4% yearly. That means the number of traditional markets takes a proposition of 1.51% (Leksono, 2009). Ministry of Home Affairs trade sub-directorate survey in 2018 presents the number of traditional markets data in Indonesia reached 14.182 markets or 88.52 percent of the entire market in Indonesia (Rusanti, 2018). That also means that the largest distribution of food material consumed by hundreds of millions of people all over Indonesia is from the door of the traditional markets and involves tens to hundreds of millions of traditional merchants. However, the AC Nielsen survey states that market share decreased from 65% in 2000 to 47% in 2008 (Indroyono, 2013). There has been a decline in the traditional market’s turnover by 18% for eight years or an average reduction of 2.25% per year. Back then, it was the traditional market where sembako (Sembilan Bahan Pokok in English is nine staple necessities),
which sourced locally, was obtained. Nevertheless, it has been increasingly developing into 29 foods and non-food commodities, mostly imported products (not traditional ones). The data also means that there are ongoing changes in performance and the institutional in Indonesia’s traditional markets.

Traditional Market conventionally has a routine that consists of haggling activity between sellers and potential buyers. That means the exchange of interests does not take place individualistically as assumed by the classical capitalist economics (Granovetter and Swedberg, 1992; Williamson, 1985), but instead is interdependence in working together as a major stakeholders group (Boutilier, 2009; Coff, 1999; Banfield, 2014).

The classic merchant’s problem as SMEs is the limited control and ownership of business assets; especially in the capital structure and sources of capital; human resource capabilities such as management, business organization, entrepreneurship, quality control, marketing techniques; as well as the very minimal use of information technology. Business institutions have not developed optimally in providing facilities for economic activities. Meanwhile, it externally faces limited market access, opportunities, and information; illegal fees; unconducive business competition climate; and the lack of legal recognition as SMEs in traditional markets (Leksono, 2009).

Pasar Besar Kota Malang (PBM) is a real market that has a three-story building. Overall, apart from market authorities, the market participants are merchants, buyers, customers, producers, consumers, workers, entrepreneurs, suppliers, and visitors; officially occupied by 4,427 merchants. However, it is also occupied by thousands of unofficial merchants whose peddling takes place in the market’s hallways or corridors, disrupting the buying and selling traffic. The conditions are shabby and stuffy, which reflects disorder and chaos in market management. Those circumstances indicate ongoing market failure, which is also good governance failure, caused by a code of conduct that is not working (Leksono, 2009).

A good code of conduct requires social assets as networks, norms, and social trust that facilitate coordination and cooperation for mutual benefit (Fukuyama, 1999; Putnam, 1995). Social assets are synonymous with values-norms and rules, as described by Porter (2000). Rahmawati and Kartono (2017) also suggest that attitudes, values, beliefs, and convictions are sometimes collectively referred to as a ‘culture play’ and have an unquestioning role in human behavior and progress, generating commitment and increasing productivity. Code of conduct is an instrument to facilitate the exchange of interests based on do ut des assumptions (I give so that you give). The application process is based on the views and giving and regaining attitude (Wallace and Wolf, 1980). The exchange of interests through social life behavior in the market considers profit and loss or cost and rewards, but for the principle purpose equally gain a profit or win-win solution (Sen, 1987; 1991; Mankiw, 2013). However, with the lack of a code of conduct on the traditional market, reality shows an even more conventional commodity weakening. The narrower the space for trading local commodities outright clogs the indigenous manufacturer’s pulse of life that supplies the traditional market. In line with North’s (1986; 1990) and Bertens’ (2003) primary thought, the rules in PBM are no longer able to empower their local transactions potential because of changes in technology and new possible preferences that increase transactions are not responded appropriately in PBM.

Referring to the description that has been revealed, the focus of this research is “how is the code of conduct as an institutional instrument able to create biographical, interactional, and organizational in the Pasar Besar Malang?”.

The research contributes to building a code of conduct framework that contains a map to implement written or unwritten rule signs. When the code of conduct serves as a social asset, it will be a constructive resource that raises performance productivity in the traditional market.

METHOD

Code of conduct research is approached according to the non-positivistic paradigm of naturalistic inquiry, based on actual data following objectively emic perspective according to the participant’s
point of view. Comprehension findings obtained are authentic-objective. This research uses a qualitative approach to find, understand, and interpret the phenomenon. This research was designed using grounded theory to categorize and describe the data characteristics (Creswell, 2007). Another approach theory is also used to get the theory conformity given the studied phenomena contain many paradigms (Ritzer, G., 2004; Kuhn, 2012; Denzin and Lincoln, 2009). Several theories support the disclosure of meaning on facts to get a context that cannot be claimed according to one theory only (Delahunty and Garvey, 2010). Data obtained and analyzed as a foundation to get the substantive theory and an objective framework. This approach aims to understand how the discovery of theory from the data - systematically obtain and analyzed in social research - can be furthered” (Strauss and Corbin, 2003; Leksono, 2013). Time series research lasted several years and was intensively deepened from February 2020 until November 2020 in Pasar Besar Malang. Key informants in this research are some people as glassware merchants among others: Mrs. Choulah, a glassware merchant for more than 51 years; Mr. H. Yusuf, grandson and successor of Warung Lama that had become a food stall since the year 1921; Mr. Soleh Faqih, Mr. Bakri, and Mrs. N who are vegetable merchants; Head of Market and Market Officer.

Following Strauss and Corbin (2003), the data were disaggregated into the biographical, interactional, and organizational categories. Biographical is a category of data that reveal a coherent chronological history of events; Interactional is a category of data that reveal the various event’s participants interactions, interrelation, and communication with others subject; while Organizational is a category of data that reveal the participants’ subject in managing the events that become the studied phenomenon. The data collection using open coding includes the intersubjective interaction serial between researchers with the market participants, which form the beginning category of information about the phenomenon studied by splitting the information into segments associated with the interactional category and organizational category. It continues with the axial coding, the analysis, and synthesis process for return data placement with the new ways after open encoding to discover consistent reality and contradictions between and inter category of interactional and organizational. Next is the selective coding process. To uncover the previously latent meanings to become manifest, emerge to the surface as the core category with critically making dialogues to other systematically present categories.

Scientific research’s value accountability is pursued through data codification, which meets four criteria: the degree of trust, transferability, dependence, and certainty (Strauss and Corbin, 1990); or also through the constant comparative method of analysis (Glaser and Strauss, 2017). The research instrument does verbalization which researchers do confirmation for the story writing that has been arranged, to get the substantive study findings that are scientific naturalistic and can be arranged as an objective framework based on actual data

RESULTS AND DISCUSSION

Biographical

Hj. Choulah is the owner of Inna stall, who has traded for 38 years and initially did not own a single stall, now has 12 stalls and three warehouses with a house and a car from the trade; an example of how the traditional merchant performance who successful in trading in a traditional market environment. In managing stalls, Hj. Choulah acts as the capital owner and the manager of her children and assistants. She plays a full role in regulating sales management from planning, management, supervision to evaluation. In carrying out transactions, suppliers, price agreements, and goods delivery must all go through approval. The following statement supports this:

“Uang itu juga menyenangkan atau menghidupi, juga mematikan. Tidak hati-hati, bahaya”

(money is either fun or supporting, but also deadly. If not careful, it will be dangerous)

The message implies that the expenses must be less than the income when shopping wholesale
or shopping for personal/family consumption. Profits must be earned every day for the trading business to continue. Trust can reduce costs; trust starts from the family if it is a business activity (Fukuyama, 1996; Van der Burg, 2020).

Family Business

Hj. Choulah treats the same traditions to her children as her life journey, studying while working in the trade, learning by doing. According to her, what is important is not money but trading knowledge to be proficient or competent in trading. This trading learning process is also often absorbed and studied by young people around PBM who wish to become her employees. H. Yusuf also did this, teaching how to trade to his wife and children, which was preceded by “Niat Awal” (Initial Intentions). Apart from that, another message he always said to his little family was, “Ayo nyambut gawe bareng kanggo golek pangan” (Let us work together to get food). It means that everyone must work sincerely to help the family’s or parents’ economy when doing a job, especially trading.

Business Network and Trust

Honesty and trust are important assets for a trader, especially in what Hj. Choula done. This brought her to be known and to know the distributor of glassware, to build a network of trade relations with agents;

“Dengan modal jujur, telaten, dan penuh kesabaran saya menjalin hubungan dan mencari agen-agen besar menawarkan agar mereka mau mengisi toko saya”

(With honesty, thoroughness, and full of patience, I build relationships and look for big agents to offer, to get them to fill my shop).

Honesty, thoroughness, and patience are manifestations of social capital which can be called trust by Fukuyama (1996). With this capital, doing wholesale does not apply the cash and carry method, but “nyaur ngamek”. Nyaur ngamek means taking the goods first from the agent and then paying later after the goods they took are sold. Because of good communication and cooperation with the honesty capital, they are still trusted by glassware agents.

Bargaining and Customers

Bargaining is a specific characteristic of PBM to obtain symmetric information related to prices and characteristics of goods that will be exchanged for money and the process of mutual adjustment between satisfaction, purchasing power, and profit potential. Hj. Choulah has her meaning of bargaining, an effort to persuade, attract attention, and appeal. Also, transactions success has long-term impacts, namely becoming regular customers. About the performance regarding with customers Hj. Choulah states:

“Kenaikan omzet kan tergantung pada laku nggaknya barang dagangan, berarti nasib saya khan tergantung sama pelanggan. Makanya saya memperlakukan pelanggan dengan baik, sopan, telaten, sabar, dan ramah. Itu modal mendapatkan pelanggan, pokoknya service yang bagus tanpa mengecewakan pelanggan. Semoga toko saya banyak pelanggan yang puas dengan pelayanan saya”.

(The increase in turnover depends on whether the merchandise sells or not; my fate depends on the customer. That is why I treat customers well, politely, painstakingly, patiently, and friendly. That is the capital of getting customers, just good service without disappointing customers. I hope my shop has many satisfied customers with my service).

That can be interpreted by the existence of a good service function for buyers to carry out buy and sell transactions or bargain for merchandise.
INTERACTIONAL
Trader Interaction Pattern

In selling, Mr. Gozali is very friendly to every buyer. When everyone crosses, Mr. Gozali always greets the buyer;

“Cari apa mbak, tanya saja nggak jadi masalah”

(What are you looking for, just ask, it is not a problem)

“Dalam berjualan kita harus sregep”

(In selling, we have to be diligent)

“Aktif dalam berbicara, jangan diam saja karena kalau kita diam saja menunggu sampai pembeli bertanya ya kita kalah dengan pedagang lain apalagi barang yang kita jual banyak kesamaan. Setiap pembeli itu beda-beda, ada yang berdiri didepan toko dengan pinggung mau cari sesuatu barang tapi karena tidak ditanya akhirnya berlalu begitu saja, ada juga pembeli kalau dia memilih barang dan tidak ditanya, kemudian pergi tanpa menawarkan dulu barangnya”

(Be active in speaking, do not be silent because if we stay silent and wait until the buyer asks, we will lose to other traders, especially if the goods we sell have a lot in common. Every buyer is different; some buyers stand in front of the shop confusedly looking for something, but they walk away just because they are not asked. There are also buyers if they choose an item and are not asked, then leave without offering the item first)

“Ada juga pembeli yang iseng niatnya tidak mau beli tapi cuma ingin tahu harganya, kalau kita pintar ngambil hatinya berupaya merayu agar yang tidak mau beli akhirnya beli tanpa kita paksa. Masalah keuntungan Rp. 500,- atau Rp. 1000,- kita berikan saja barangnya yang pentingkan untuk dari pada tidak sama sekali”

(There are also buyers whose intentions are not to buy but just want to know the price. If we are smart, we try to seduce them so that those who do not want to buy will end up buying without being forced. Rp. 500,- or Rp. 1000, - profit problem, we just give the items that are important to be sold rather than not at all)

Mrs. Choulah, a glassware seller who is still related to Mr. Gozali, always greets the buyer: “Pelaris-pelaris” (“those who make goods sell well”).

To make sure the goods were cheap, Mrs. Choulah said, “Awet barange mbek duwite” (It is durable and save money)

Mr. Gozali or Mrs. Choulah is a small example that can provide an overview of the work patterns of traditional traders in PBM, especially those carried out by the glassware group. It can not be separated from daily trading; merchants must always actively offer merchandise to buyers passing by around the stall area, do not forget always to greet buyers.

Traders with Market Authority

Any community member from “the have” or “the have not” can enter the traditional market in PBM. With low purchasing power, a prospective buyer will still have the opportunity to shop because the goods sold are on a wide price and quality spectrum in this market. One of the risks that accompany this character is that the spatial and content layout of the traditional PBM market may look shabby and chaotic. The spatial structure of the traditional PBM market does not make the behavior and appearance of the participants pushed towards actions that appreciate order and are sensitive to cleanliness. Because of that, ‘Education’ and ‘learning’ orderliness and cleanliness is an important mission that must be built by traditional markets so that their performance increases.
Those challenge managers and traders to improve themselves, maintain cleanliness, and order themselves first. After that, they will limit the disorder caused by street vendors who become ‘free riders. According to Bertens (2003), social capital is a relationship that community members hold voluntarily to achieve goals that cannot be realized as long as people go their separate ways. When social capital does not exist and does not work and cannot be reached by the merchant community, the ‘hierarchy’ role is needed so that an (economic) mechanism can occur effectively. The city government, through the market department, as a market manager with a ‘hierarchy’ content, its -role- certainly needed to run well and correctly so that there is no fatality in market functions that meet effective and efficient characteristics. It is supported by a statement about market security conditions from Mrs. Muhayah, the older sister of Mrs. Choulah, who stated that;

“Ya... seperti inilah, beda dengan dulu pasar masih sangat ramai, semakin ramai pasar, maka semakin rawan terhadap pencopet, tapi kalau kondisi sekarang ini pasar sepi peristiwa pencopetan juga jarang terdengar. Biasanya kepala dinasnya hanya berdiri didepan melihat-lihat”

(Yea... it is what it is, unlike in the past, the market was still very crowded, the busier the market, the more prone to pickpockets, but if the current condition of the market is quiet, pickpocketing events are also rarely heard. Usually, the department head just stands in front and looks around).

From the informant’s statement, it is known that traders and market departments are, in fact, relatively less sensitive to the continuity of negative externalities such as market security or other factors that affect market transaction activities. On the other hand, traders lack an understanding of the need for an adequate market authority in managing PMB to reduce some negative externalities and reduce the potential for market failures related to imperfect market information. As participants who share an interest in the market’s success, there have not been adequate communication and synergy interactions. Interaction with each other may be deemed unnecessary by both market participants.

The market department, which maintains market mechanisms regulation in encouraging the PBM market to work better, needs to have a ‘good will’ to seek various criticisms and corrections regarding potential market failures from traders. Market managers need to open themselves up to get input to realize a more effective market mechanism. On the other hand, more proactive actions by traders to build interaction with market managers to overcome various potential problems of stuck innovation experienced by market participants.

ORGANIZATIONAL

Business Organization Pattern

Local governments can fail to protect traditional markets when they are more attracted to facilitating license and land provision in various modern and large-capital markets. On the other hand, traditional markets such as PBM show a declining economic performance. When the holder of the market authority administers retribution, the nature of the retribution is reciprocal, which should be balanced with an adequate service function for the benefit of transactions interest in the market. It is supported by a statement from Mr. Soleh Faqih regarding public assets;

“Pasar Besar akan kelihatan bersih jika tidak ada PKL-PKL yang mangkal di sekeliling pasar, namun seperti itulah PKL-PKL walaupun petugas pasar mengusir, nanti akan balik lagi setelah petugasnya pergi. Selain PKL-PKL tempat parkiran sepeda seharusnya jangan didepan tapi dibelakang, jadi di depan itu dijadikan tempat peristirahatan pengunjung. Jadi kan bukan saja kelihatan bersih pengunjung juga semakin enak ada tempat duduk-duduk untuk istirahat sehabis belanja dipasar”
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(Pasar Besar) will look clean if no street vendors hang around the market, but that is how the street vendors are. Even if the market officials drive them away, they will come back after the officers leave. In addition to street vendors, bicycle parking spaces should not be in front but behind, so the front is used as a resting place for visitors. So, not only does it look clean, but visitors are also more comfortable. There is a place to sit and rest after shopping at the market).

The market department, as an extension of the city government, in managing PBM with its the market head’s officers, along with his market orderlies and other employees, carry out regular jobs such as data collection, security, maintaining order, maintaining the cleanliness of the market environment, and collecting market fees.

Market Authority Policy in Dealing with Market Cleanliness

Market cleanliness is very important in buying and selling activities between traders and buyers. However, this does not apply to 42-year-old Mrs. Asih, a buyer who criticizes cleanliness at PBM. Even though shopping at PBM, she has familiarity with the sellers who were there, but in terms of cleanliness, she stated, “PBM kebersihannya kurang terjaga, baunya kadang tidak enak dan jalan masih ada tanah yang dapat mengakibatkan becek” (The cleanliness of PBM is not maintained, the smell is sometimes bad, and the road still has dirt which can cause mudness). Mr. Imam Solikin also supported Mrs. Asih’s statement, the owner of the Sukur Shop, which is located on the 1st Floor No. 14-4B PBM “sangat kurang bersih” (very dirty). Furthermore, Hj. Choulah also mentioned the same thing about cleanliness, hoping that the cleanliness of public facilities such as toilets and places of worship needs to be provided.

When it rains heavily during market hours on the ground floor of the PBM below the road surface, traders flock to dispel the wastewater with various tools needed to immediately drain it into the sewer because the overflow of water in heavy rain conditions can reach 10-15 cm and leave a foul smell. Without involving market employees, then the cleaning continued with their respective stalls. This phenomenon will be different when viewed from normal conditions, where there are market janitors who work sweep the market.

Market Authority Policy in Market Infrastructure

In market infrastructure, PBM cannot compete with Matahari Store, which is a Modern Market, even though it provides the same food ingredients as those sold at PBM. It is as the merchant who sells on the 3rd floor of PMB states about the quality of his potato selling products:

“Kentang yang dicuci sudah kena air itu tidak tahan lama, gampang busuk. Kalau membusuk kentang saya jual tidak laku, walau tetapi harga jadi murah sekali. Lain dengan yang seperti terdapat gumpalan tanahnya membuat awet tidak cepat gembos. Saya gak punya modal besar, gak mampu beli mesin pendingin seperti punya ‘gajah-gajah’ yang berjualan itu”

(The rinsed potatoes that have been exposed to water do not last long, they rot easily. When the potatoes rot, they will not sell, even if we lower the price. Unlike the one that has lumps of earth, it makes it durable and does not crumble quickly. I do not have big capital. I cannot afford to buy a cooling machine like what the ‘elephants,’ who sell those, have)

The informant’s statement reinforces the evidence that there is a need for physical restorations of buildings and physical market instruments such as cold-stores, which are cooling devices for vegetables and meat, fish, which are needed by PBM traders, to be able to compete fairly and even in a healthy manner. In this way, we look forward to waiting for assistance, services, and attention from
the Trade Department as a public service to facilitate small traders in PBM.

Market Authority Policy in Market Order

Order is the obedience and compliance of all market participants in carrying out their respective roles and interests. However, there are still violations of market order caused by the actions of “moral hazard” by each market participant, both traders, visitors, and market managers collectively and individually. The disorder factor for traditional markets is street vendors (illegal) or “free riders.” For traders native to Malang, street vendors are seen as a nuisance to order. Street vendors as free riders who occupy around the right outer ring of the market, the left side of the market, the front side of the entrance stairs, open spaces, even inside along the aisles/corridors of the market’s main road, in front of the stalls on the ground floor, have never been separated from the penetration of street vendors. Street vendors make it difficult for visitors to pass because the road is narrow. It is proven by traders who have the same ethnic background, with the question “Apakah keberadaan PKL-PKL di dalam pasar tidak mengganggu proses berjualan Ibu?” (Does the presence of street vendors in the market not interfere with Madam’s selling process?), then the answer is:

“Saya ga mau tau mereka juga cari nafkahlah kebetulan para PKL-PKL tidak ada yang sampai berjualan di bedak saya, biasanya para petugas mengusir para PKL-PKL itu kalau kedapatan ada di dalam pasar, setelah petugas pergi para PKL-PKL kembali lagi”

(I don’t care. They are also here to make a living. Coincidentally, none of the street vendors sells at my stall. Usually, the officers evict the street vendors if they are found in the market. After the officers leave, the street vendors will come back again).

The Head of the Market, Pak Eko, more than 17 years ago has stated:

“Kita lakukan operasi penertiban bersama Polri dan Polisi Panong Praja terhadap para pedagang liar tersebut, tapi operasi ini bukan berdasarkan dari laporan dari para pedagang saja, tapi memang ada program dari kami”

(We are carrying out control operations with the National Police and the Civil Service Police against these illegal traders, but this operation is not based on reports from traders alone, but there is a program from us).

“Pada saat itu memang pasar langsung bersih dan rapi, tapi itu nggak berlangsung lama, saat kita pergi dari situ langsung keadaannya kembali semrawut”

(At that time, the market was clean and tidy right away, but it didn’t last long, when we left, the situation immediately returned to chaos).

“Jangka panjang kami ingin pasar yang ada di lantai dasar dan lantai 1 Pasar Besar Malang nantinya akan bisa teribih, bersih, aman, dan nyaman”

(In the long term, we want the markets on the ground floor and 1st floor of Pasar Besar Malang to be orderly, clean, safe and comfortable).

“Untuk jangka pendek kami akan tetap melakukan pembinaan dan penertiban terhadap para pedagang dan melakukan perbaikan fasilitas”

(In the short term, we will continue to provide guidance and control to traders and improve facilities).
However, in the reality of the disorder and the existence of free riders, so far, it still occurs and is getting stronger.

**Market Authority Policy on Market Charges**

When asked about the retribution, H. Gozali stated that “Retribusi seharusnya untuk pemberian atau perbaikan pasar tapi ya itu kalau pasar harus direnovasi lagi buntut-buntutnya para pedagang lagi yang rugi, dengan mengeluarkan peraturan baru ya harus inilah, harus itulah” (The retribution should be for improvement or repairing the market, but yea if the market has to be renovated again, the aftermath is that the traders are the ones who at loss). While Hj. Choulah’s understanding stated that “Kewajiban-kewajiban yang berupa iuran yang harus dipenuhi, diantaranya iuran sampah, dan iuran keamanan” (The obligations in the form of dues must be met, including garbage fees and security fees). However, it is different from what was conveyed by Mr. Soleh Faqih, that:

“We need to regulate the presence of pedagang at these markets! The retribution is usually targeted by the market’s head (revenue department) per day. The market manager who pursues the withdrawal of retribution is his subordinate (market officer). For example, the market head is targeting that today’s retribution must be collected at Rp. 500,000, - then the more that goes into whose pocket that was given the task of withdrawing the retribution earlier).

The understanding and meaning above show that most traders have the impression that the payment of retribution does not have to be accompanied by the service rights obtained by traders related to payments. On the other hand, the services that traders get related to retribution from market management are not adequate as they should be.

**The substance of Code of Conduct towards Managers and Large Market Organizations**

Ell and Pavelka (2020) found that a code of conduct could create a service system; as social capital that makes it more productive and constructive, both in formal, informal, and non-formal formulas. Services with various written and unwritten rules and coordination mechanisms require non-stifling obedience, continuous obedience without stopping and without exception; whose benefit value is to significantly reduce transaction costs as well as negative externalities including; supervision costs, deals, and agreements, compliance and obedience, contract making appropriateness, ratification, and enforcement of official and formal agreements and the sacrifice of space-time-energy used. The means are written norms and rules as a sign for collective market participants’ actions and individual ethical values. The code of conduct formula requires living internally in the market environment so that it can replace unproductive, unconstructive, non-positive habits and behaviors as well as negative externalities as a result of the growing development of capitalistic and individualistic behavior (Kasper and Streit, 1998; Fukuyama, 2000; Lawang, 2005; Dasgupta and Serageldin, 2000). Under certain circumstances, the code of conduct can even open a more innovative, creative, and productive business space. On the other hand, the code of conduct is a necessary condition and contains values about harmony, conformity, and balance in the market structure, namely – ‘responsible freedom, justice, equality, security or guarantees, peace, economic welfare’ (Lawang, 2005; Mateia and Adela, 2015; Harrison et al., 2019). The importance of a code of conduct in economic life in traditional markets can make the process of economic activity around the market “a broader order of human cooperation, both
biographical, interactional, and organizational” (Oliver, 1991; Olson, 1965; Marquis and Raynard, 2015; Lawang, 2005; North, 1990; Sen, 1987; Fukuyama, 2000).

Values that are paired with norms and or written rules in the code of conduct formula exist as a new form of the institution to regulate social interaction and exchange of interests in the market so that the economic process becomes more effective and efficient, which benefits all parties; although at the beginning it still requires additional transaction costs and faces certain trade-offs (Yustika, 2012; Harrison et al., 2019; Molm, 1997).

The code of conduct is also not always only focused on the concrete factual material exchanges; but also on the exchange of interests in the form of a logical pattern of productive thinking, embodying etiquette behavior for the exchange of interests that are ethical or in the form of halal business beliefs under transcendence religion (North, 1990; Blau, 1964; Fukuyama, 1996; Lawang, 2005; Mankiw, 2013; Wallace and Wolf, 1980). The code of conduct as a social transaction modus will function to expand transactions superior to the effectiveness of interactions, ‘as usual transactions,’ like what has been going on so far. So that the code of conduct is reciprocal, in line with the meaning regarding the rights and obligations of all related parties so that they can guarantee a win-win solution through certain activities (Mankiw, 2013; Wallace and Wolf, 1980).

The City Government as a regulator, needs to be interested in taking action when a market failure occurs due to a violation of the code of conduct that contains morals and traditional ethical spirit. What should be prevented is the occurrence of government failure (Hellman et al., 2003), which will make the social justice imbalance even worse through institutionalized policies according to rational and ethical considerations (Becker, 1971). As a new institution that was created consciously. Policies will be effective when space is opened from them that can

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**Figure 1. Framework Findings**
present a ‘general assessment’ or an assessment from the community or can also be referred to as a ‘social audit.’ It is reminiscent of the concept of moral dialogue, which can form a new shared moral understanding in the social process because the statement of values requires moral justification (Bertens, 2003; Mahmood, 2015; Etzioni, 2018).

Based on the findings of data and information through the intersubjective process, the following code of conduct framework can be obtained (Figure 1).

Figure 1 explains that Pasar Besar Malang (PBM) can become a sustainable traditional market if the code of conduct is developed through the Organization, Interactional, and Biographical. From the organizational point of view, there is a need for synergies carried out by market officials and market players to create Institutional Enforcement; Improve Skill and Expertise, especially on IT; and Infrastructure for Maintaining Agricultural Products and Local Products Commodities.

In Interactional, all elements need to have Facility Coordination for Member, Networking by Traditional Products, and Cooperation Among Traditional merchants. Likewise with Biographical, as the main actors in PBM always Build Trust to Customers and Shareholders and Interpersonal Relationships. PBM can have Value Creation if the Value Creation contained in PBM is carried out properly. It is undeniable that it will be able to escalate PBM’s ‘Omzet Increasing,’ the ultimate goal of creating Traditional Markets Sustainability.

CONCLUSIONS

The traditional market code of conduct framework in PBM can be applied as a written and unwritten rule. Traditional market participants and the relevant institutions must work together in building traditional markets based on the code of conduct, which accommodates biographical, interactional, and organizational material elements that are interrelated with one another. The code of conduct is an important concept and is likely to be applied to other traditional markets by adapting the traditional market culture in each region.

IMPLICATIONS

Based on the research findings, the code of conduct can create a guideline regarding values, norms, and rules to synergize between market participants, market agencies, buyers, and suppliers of traditional products and the implementation of a modern market information system; thus providing legal authority and performance legitimacy to traditional market players; and able to change the atmosphere of a healthy business.

LIMITATIONS

This paper is limited to revealing the code of conduct of traditional markets from a biographical, interactional, and organizational point of view. So it needs to be explored further on the market community participants in Pasar Besar Malang.

RECOMMENDATIONS

For market department institutions, it is necessary to implement the code of conduct at Pasar Besar Malang to make Pasar Besar Malang a market that has Value Creation, increased turnover, and becomes a sustainable traditional market.

REFERENCES


Code of Conduct as an Institutional Instrument to Preserve Traditional Markets


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