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The Legal Politics of Modern Retail Arrangement Based on Pancasila Values in the Protection of the People's Market

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Abstract

Keywords:

Legal politics,
Modern retail,
The value of
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The purpose of this research is to formulate a legal policy of modern retail structuring that is oriented towards the value of Pancasila in protecting the people's market and maintaining the sustainability of the local economy in Central Lombok Regency. This study uses a socio-legal empirical research design by integrating normative legal analysis and spatial empirical approaches based on Geographic Information System (GIS) as well as qualitative interviews. The normative analysis is focused on Central Lombok Regency Regional Regulation Number 7 of 2021 concerning the Arrangement and Development of People's Markets, Shopping Centers, and Supermarkets. Meanwhile, empirical analysis was carried out through mapping 139 modern retail outlets, measuring distance to the people's market, field observations, and interviews with 24 informants consisting of market traders, local government officials, and modern retail managers. The results of the study show that the distribution of modern retail is concentrated in sub-districts with economic activity, such as Praya and Pujut. Of the 139 outlets, as many as 63 outlets are within a radius of less than 1 kilometer from the people's market, and some are very close, which causes asymmetrical competition between large capital and small traders. The implementation of the Regional Regulation is still formal administrative and does not reflect substantive protection of the people's market. The values of Pancasila, especially social justice and

the people, have not been operationally internalized in the zoning, licensing, and supervision systems. This study concludes that the legal politics of modern retail arrangements need to be reoriented through the establishment of buffer zones to protect the people's market, the evaluation of permits based on socio-economic impacts, and the involvement of traders in the policy process so that the modern retail arrangement truly reflects the values of Pancasila and maintains the sustainability of the local economy.

Abstrak

Kata Kunci:
Politik hukum,
Perdagangan ritel
modern,
Nilai Pancasila

Tujuan penelitian ini adalah untuk merumuskan kebijakan hukum penataan ritel modern yang berorientasi pada nilai Pancasila dalam melindungi pasar rakyat dan menjaga keberlanjutan ekonomi lokal di Kabupaten Lombok Tengah. Penelitian ini menggunakan desain penelitian empiris sosial-hukum dengan mengintegrasikan analisis hukum normatif dan pendekatan empiris spasial berdasarkan Sistem Informasi Geografis (SIG) serta wawancara kualitatif. Analisis normatif difokuskan pada Peraturan Daerah Kabupaten Lombok Tengah Nomor 7 Tahun 2021 tentang Tata Ruang dan Pengembangan Pasar Rakyat, Pusat Perbelanjaan, dan Supermarket. Sementara itu, analisis empiris dilakukan melalui pemetaan 139 gerai ritel modern, pengukuran jarak ke pasar rakyat, observasi lapangan, dan wawancara dengan 24 informan yang terdiri dari pedagang pasar, pejabat pemerintah daerah, dan pengelola ritel modern. Hasil penelitian menunjukkan bahwa distribusi ritel modern terkonsentrasi di kecamatan dengan aktivitas ekonomi, seperti Praya dan Pujut. Dari 139 gerai, sebanyak 63 gerai berada dalam radius kurang dari 1 kilometer dari pasar rakyat, dan beberapa di antaranya sangat dekat, yang menyebabkan persaingan asimetris antara pedagang bermodal besar dan pedagang kecil. Implementasi Peraturan Daerah masih bersifat administratif formal dan tidak mencerminkan perlindungan substantif terhadap pasar rakyat. Nilai-nilai Pancasila, khususnya keadilan sosial dan kesejahteraan rakyat, belum diinternalisasi secara operasional dalam sistem zonasi, perizinan, dan pengawasan. Studi ini menyimpulkan bahwa kebijakan hukum pengaturan ritel modern perlu diorientasikan kembali melalui pembentukan zona penyangga untuk melindungi pasar rakyat, evaluasi izin berdasarkan dampak sosial-ekonomi, dan keterlibatan pedagang dalam proses kebijakan sehingga pengaturan ritel modern benar-benar mencerminkan nilai-nilai Pancasila dan menjaga keberlanjutan ekonomi lokal.

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Introduction

The development of modern retail is a global phenomenon that is closely related to economic liberalization, market integration, and changes in the structure of competition in the distribution system. Cutting-edge empirical research shows that the expansion of modern retail networks is able to improve supply chain efficiency and expand consumer choice, but simultaneously also encourages market concentration that strengthens the dominance of large business actors (Končar et al., 2022). As a result, small business actors and traditional markets face increasingly heavy competitive pressure due to limited economic scale, access to capital, and weak bargaining positions in the distribution chain (Wahyuni, 2023).

Economic literature and competition policy in the last five years confirm that without state intervention, market mechanisms tend to produce structural inequality that is detrimental to weak economic groups. Increased industrial

concentration strengthens the bargaining position of large retailers while weakening the inclusive competitive structure, thereby deepening inequality in the distribution of economic benefits (Koltay et al., 2023). Therefore, competition policy faces a dilemma between encouraging market efficiency and ensuring economic justice and protection for small business actors.

From a legal and political perspective, modern retail arrangement reflects the choice of state values in managing the relationship between market mechanisms and public interests. Recent developments in competition law confirm that economic law is no longer understood as a neutral instrument, but rather as a normative means of correcting market failures and protecting the broader public interest, including the sustainability of market structures and social justice (Martyniszyn, 2025). This approach suggests that market regulation must go beyond a mere efficiency orientation and be

grounded in more substantive social objectives.

The people's market has a strategic position as an inclusive economic space that not only functions as a means of distributing necessities, but also as a mechanism for equitable distribution of income and strengthening social cohesion within the community. International studies show that traditional markets contribute significantly to local economies through job creation, strengthening social networks, and maintaining community identity, particularly in developing countries and middle-income urban areas (Cook et al., 2024; Silva et al., 2025; Panjaitan et al., 2025). However, the sustainability of the people's market faces structural pressures due to the large-scale expansion of modern retail that has greater capital, technology, and bargaining power advantages in the supply chain (Alocen, 2025; Delgado-Prieto et al., 2024).

Several empirical studies show that inequality in competitiveness between traditional

markets and modern retail reduces the income of small traders and threatens the sustainability of the local economy if it is not balanced with adequate public policies (Nasution & Nofinawati, 2024; Udjiyanto et al., 2024). This condition emphasizes the urgency of regulations that are not only oriented towards growth and investment, but also directed at protecting the people's economic structure and creating fair business competition (Fitriyani et al., 2025).

In the context of developing countries, including Indonesia, people's markets remain the backbone of the local economy in ensuring food access, price stability, and economic resilience of vulnerable communities (Colozza, 2025; Waris & Kumar, 2022). However, the expansion of modern retail into district and rural areas poses serious challenges when existing regulations are not able to control the impact of unbalanced competition (Utami, 2025; Netti & Erianjoni, 2023).

Policy studies in Indonesia show that modern retail regulation at the regional level still tends to be administrative, such as licensing and zoning arrangements, but has not been effective in providing substantive protection for traditional market traders (Mangunsong, 2025; Safah et al., 2025).

The gap between normative policy objectives and implementation realities reflects the weak integration of social justice values and protection of the people's economy in the political design of modern retail structuring laws.

This problem is closely related to the lack of internalization of Pancasila values as a normative basis in political and economic law. Legal literature and public policy affirm that social justice is not merely a moral value, but a normative principle that must be concretely institutionalized in market regulation and competition policy (Belianevych, 2022; Jegan et al., 2025; Laruffa, 2025). Within the framework of the welfare state, the state has an active obligation to correct market

failures and protect weak economic groups from the effects of economic liberalization and concentration, including through modern retail structuring policies oriented toward the public interest and the sustainability of the people's market (Deutscher, 2022; Qian, 2026; Spector, 2026). Research on modern retail structuring still shows a fragmentary tendency and has not been comprehensively integrated across the dimensions of legal politics, state ideology, and local policy contexts. International literature has largely focused on competition law and market efficiency as the primary goal of regulation, emphasizing the prevention of concentration and abuse of economic power by large business actors (Estrin et al., 2025). This approach tends to position the state as a market referee rather than as a normative actor that actively shapes economic structures in accordance with social justice values.

Recent developments in competition law studies are beginning to recognize broader

public interests, including the sustainability of market structures and the protection of weak economic groups. However, this shift remains largely conceptual and has not been widely operationalized in concrete policies, particularly at the subnational level (Taladay & Ohlhausen, 2022; Battaggion et al., 2023). As a result, a gap persists between contemporary developments in economic law theory and the actual practice of modern retail regulation in regional contexts.

Legal and economic studies also affirm that the market is not a neutral entity, but a legal and political construct shaped through state policy choices (Brazeal, 2023; Lokdam, 2021; Qian & Pun, 2025). However, there remains limited research linking the construction of market regulation with state ideology or constitutional values in the specific context of modern retail structuring.

Within the framework of a welfare state, the active role of the state in correcting market failures

and protecting weak economic groups constitutes a constitutional obligation (Dellis, 2021; Danilovskaya, 2021; Sarkorn et al., 2022). However, studies integrating this approach with the ideological values of developing countries such as Pancasila remain relatively limited in both international and national scholarship.

This study is grounded in contemporary economic and political legal thought, which affirms that competition law and market regulation cannot be separated from the ideological orientation of the state. The dominance of a free-market paradigm without normative correction has the potential to reinforce economic inequality and weaken the legitimacy of the law (Shughart, 2022). Therefore, modern economic law is increasingly understood as an instrument for balancing market efficiency and social justice.

Different from previous research that is largely descriptive or generally normative, this study positions Pancasila as an ideological

foundation that directs the legal politics of modern retail structuring to protect people's markets and sustain local economic systems. This approach aligns with the view that law and ideology are intrinsically interconnected in shaping social and economic order (Andrushchakevych, 2021).

The purpose of this research is to formulate the legal politics of modern retail arrangement oriented toward social justice, protection of the people's market, and the sustainability of the local economy. The urgency of this research is reinforced by the tendency of regulations that are overly focused on growth and investment, which risk deepening structural inequality and undermining the foundations of the people's economy, contrary to the constitutional mandate of the welfare state and the core values of Pancasila.

Method

This study uses a socio-legal empirical research design that integrates normative legal analysis

with spatial and qualitative empirical approaches. This approach views law not only as a regulatory text, but as a policy practice that works in the socio-economic space and influences the sustainability of people's markets. The normative analysis is focused on the legal politics of modern retail arrangement as stipulated in the Central Lombok Regency Regional Regulation Number 7 of 2021 concerning the Arrangement and Development of People's Markets, Shopping Centers, and Supermarkets, as well as national regulations related to risk-based business licensing. This study is directed to interpret the legal objectives, the principles of people's market protection, zoning regulation, and the role of local governments in balancing investment interests with the people's economy at the local level.

The empirical approach was carried out through Geographic Information System (GIS)-based modern retail spatial mapping, field observations, and semi-structured

interviews with stakeholders in Central Lombok Regency, West Nusa Tenggara, in the January-March 2026 period. Mapping was carried out using buffer analysis techniques and Euclidean distance measurement between the coordinate points of modern retail and the people's market to identify distribution patterns, density, and the level of proximity of locations that have the potential to affect the sustainability of the people's market. The research data consists of primary and secondary data. Primary data was obtained through interviews with 24 informants, including people's market traders, local government officials in the field of licensing and trade, and modern retail managers who were selected by purposive sampling based on direct involvement in modern retail arrangements with the principle of data saturation. In addition, non-participant observations were carried out to read the character of the business space and the spatial relationship between minimarkets and people's markets. Secondary

data is sourced from official local government documents, minutes of modern retail regulation, Alfamart and Indomaret distribution data as of December 2025, Regional Regulation Number 7 of 2021, and related national regulations.

Data analysis was carried out in an integrated qualitative-evaluative manner. The first stage is normative legal analysis to interpret the political direction of modern retail structuring laws and people's market protection designs. The second stage is a spatial descriptive analysis of the distribution of 139 modern retail outlets to identify patterns of density, location proximity, and potential inconsistencies with the principles of people's market protection zoning. The third stage is the analysis of interview data using thematic content analysis through the stages of open coding, axial coding, and selective coding to reveal the themes of economic impact, zoning effectiveness, licensing relations, and perceptions of fairness of people's market traders. All findings were then

evaluated using a Pancasila value-based framework that was operationalized into indicators of spatial justice, protection of weak economic groups, balance of business competition, participation of people's market participants, and sustainability of the local economy. The validity of data is maintained through triangulation of sources and methods, and research is carried out by paying attention to ethical principles in the form of informant consent and data confidentiality.

RESULT AND DISCUSSION

1. Modern Retail Distribution and Inequality in Local Business Space

The distribution of modern retail in Central Lombok Regency is an initial indicator to assess how the legal politics of regional economic spatial planning are implemented in practice. In this study, the distribution of Alfamart and Indomaret outlets was analyzed through spatial mapping based on Geographic Information System (GIS), verification of location coordinates, and synchronization

with local government licensing documents. This approach not only aims to describe the physical distribution of modern retail, but also examines the tendency of regional policies in managing the relationship between investment interests and the protection of the people's market.

The results of the analysis showed that there were 139 modern retail outlets, consisting of 94 Alfamart and 45 Indomaret, spread across 12 sub-districts. The distribution is uneven and tends to be concentrated in areas with high intensity of economic activities, such as Praya and Pujut. This inequality shows that modern retail expansion is more influenced by market rationality and investment interests than by legal and political designs that are oriented towards the equitable distribution and protection of the people's economy.

The distribution pattern is clarified through the distribution of

modern retail in each sub-district, as shown in Figure 1.

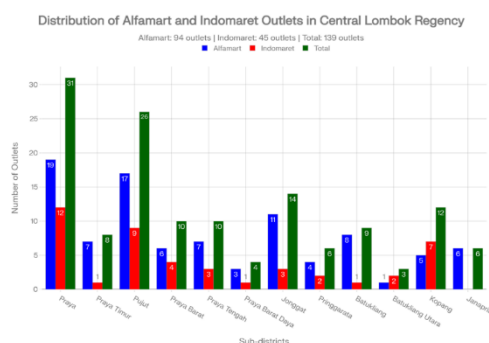


Figure 1. Distribution of Alfamart and Indomaret Outlets in Central Lombok Regency (Data processed by the author, 2026).

Based on Figure 1, it can be seen that Praya (31 outlets) and Pujut (26 outlets) are the areas with the highest concentration of modern retail, followed by Jonggat (14 outlets) and Kopang (12 outlets). On the other hand, North Batukliang and Southwest Praya have a relatively small number. This pattern shows the concentration of modern business space in economic growth centers, which are also areas of people's market activity.

between the development of modern retail and the sustainability of the people's market. However, concentrated distribution practices show that policies give more room for investment logic than structural protection for small economic actors.

Politically and legally, this condition shows that the role of the state as the controller of the economic space is not fully optimal. Regional Regulation Number 7 of 2021 basically requires a balance

From the perspective of Pancasila values, especially the precepts of social justice for all Indonesian people, the distribution of business space should not only follow market mechanisms, but also ensure alignment with the people's economy. When modern retail is concentrated in the same area as the people's market, there is asymmetrical competition between big capital and small traders. This

condition has the potential to shift the social function of the people's market as a space for local economic distribution.

The field findings also strengthen the analysis. Interviews with market traders show a decrease in the intensity of consumer visits to commodities that are also sold in modern retail. Consumers tend to choose modern retail because of convenience, long operating hours, and stable pricing systems. Thus, the distribution of modern retail not only has a spatial impact, but also a structural impact on the sustainability of the people's market economy.

Thus, the distribution of modern retail in Central Lombok must be understood as a reflection of the political law of regional economic structuring. Without the integration of Pancasila values, especially social justice and the people, retail restructuring policies have the potential to legitimize the dominance of capital over the people's economy. Therefore, strengthening zoning design and

controlling the distribution of modern retail is a prerequisite for the legal politics of modern retail arrangement to truly function as an instrument of protection for the people's market.

2. The Proximity of Modern Retail to People's Markets

The spatial proximity between modern retail and the people's market is a key variable in assessing the political effectiveness of modern retail structuring laws. If the distribution of modern retail describes the orientation of the distribution of business space, then the distance of the location of modern retail to the people's market shows the level of substantive protection provided by the state to small economic actors. In this context, distance analysis is not only a geographical technicality, but also reflects the partiality of policies towards the balance of business competition.

Distance measurement was carried out using GIS-based mapping of all modern retailers around the people's market, by

drawing a radius of influence as far as 1 kilometer, as per the principle of zoning for the protection of business space. From the results of the analysis, it was found that out of a total of 139 modern retail outlets, there are 63 outlets that are within a

The level of proximity can be analyzed in more detail through the presentation of the distribution of

radius of less than 1 km from the people's market. These findings show that almost half of modern retail in Central Lombok is in the same economic space as the people's market.

modern retail distance to the people's market, as visualized in Figure 2.



Figure 2. Analysis of the Distance of Modern Retail to People's Market (Data processed by the author, 2026).

Based on Figure 2, it can be seen that 31.75% of modern retail is within a radius of ≤ 300 meters from the people's market, and 12 outlets are less than 100 meters away. The absence of modern retail in the 301–500 meter category shows the absence of an ideal buffer zone between the people's market and modern retail. This condition shows the weakness of spatial control in the

implementation of Regional Regulation Number 7 of 2021.

Politically legal, this extreme proximity shows that regulatory instruments have not fully functioned as a tool of social engineering. Regulations that are supposed to establish a safe distance between large capital and the people's economy tend to be formal administrative, without ensuring

substantive protection of the sustainability of the people's market.

From the perspective of Pancasila values, especially the precepts of social justice and the people, the business space should not be dominated by large-capital business actors in the same area as small economic actors. When modern retail stands very close to the people's market, competition becomes unbalanced due to differences in capital, distribution systems, and service attractiveness. This has the potential to remove the people's market from its socio-economic function as a living space for the local community.

The field findings also corroborate the analysis. Interviews with traders show a decrease in turnover in commodities that are also sold by modern retailers. Consumers prefer modern retail because of convenience, parking, and long operating hours. Thus, the spatial proximity of modern retail to the people's market is not only a matter of location, but also a matter

of the sustainability of the people's economy.

Thus, the proximity of modern retail to the people's market in Central Lombok reflects the distance between the normative goals of the Regional Regulation and the practice of economic spatial planning. Without a firm zoning design based on Pancasila values, the legal politics of modern retail arrangement have the potential to turn into a mechanism for legalizing unfair competition, not an instrument for protecting the people's market.

3. Violation of Modern Retail Distance and Compliance with Regional Regulation Number 7 of 2021

The analysis of the proximity of modern retail to the people's market needs to be continued with an assessment of the level of legal compliance with the structuring provisions stipulated in Regional Regulation Number 7 of 2021. In the context of legal politics, the existence of rules is not only judged by the existence or absence of administrative permits, but also by

the extent to which spatial planning practices really protect the people's market as the subject of the people's economy. Therefore, this study examines distance violations as the main indicator of substantive compliance with regional regulations.

Compliance assessments were carried out by combining spatial distance data, licensing status (NIB, KKPR, and PBG), and location suitability with the function of protecting the people's market.

These compliance patterns are analyzed through the classification

Modern retail located within a radius of <1 km from the people's market is categorized as potentially violating the spirit of zoning control, especially if it is not accompanied by a mitigation policy against the impact of business competition. From the results of the analysis, it was found that of the 63 modern retailers located near the people's market, not all of them reflect substantive compliance with the objectives of the Regional Regulation.

of compliance status presented systematically in Figure 3.



Figure 3. The Level of Compliance of Modern Retail with the Provisions of the Regional Regulation (Data processed by the author, 2026).

Based on Figure 3, it can be seen that only 28.57% of modern retailers can be categorized as substantively compliant, namely having complete

permits and being located relatively without pressure on the economic space of the people's market. On the other hand, almost half (49.21%) are

only administratively compliant, meaning they have formal permits but are spatially and functionally still very close to the people's market, so it has the potential to cause unbalanced competition. In addition, there are 22.22% of modern retailers that are categorized as non-compliant because, in addition to being extremely close, they also show weaknesses in the aspect of licensing control.

Politically and legally, these findings show a shift in the regulatory function from a social protection instrument to a mere administrative legalization mechanism. Regional Regulation Number 7 of 2021 is basically designed as a social engineering tool to maintain a balance between investment and the people's economy. However, when compliance is understood only as the completeness of the document, the substantive purpose of protecting the people's market is reduced.

From the perspective of Pancasila values, especially the precepts of just and civilized

humanity as well as social justice, public policy should prevent the occurrence of economic domination by business actors with large capital against small traders. Modern retail that is administratively compliant but structurally suppresses the people's market shows that the value of justice has not been fully internalized in the practice of regional economic spatial planning.

Field findings show that local governments tend to focus on licensing procedures, while the socio-economic impact on market traders has not been used as the main indicator of permit evaluation. As a result, regulations work formally and lose their protective power. This condition strengthens the argument that the legal politics of modern retail arrangements in Central Lombok still require a reorientation from an administrative approach to a people's economic protection approach.

Thus, violations of distance and pseudo-compliance (administrative compliance) are evidence that the implementation of Regional

Regulation Number 7 of 2021 is not fully in line with the values of Pancasila. Strengthening supervision, evaluating permits based on social impact, and affirming buffer zones are urgent needs so that regulations are not only legal but also socially just.

4. Implementation of Pancasila Values in the Legal Politics of Modern Retail Arrangement

The analysis of modern retail arrangements cannot be separated from the state's ideological framework, namely Pancasila, which is the basis for the formulation of national and regional legal politics. In the context of this research, Pancasila is not only understood as a normative symbol, but as a set of operational values that should be internalized in modern retail structuring policies, especially to protect the people's market as the basis of the people's economy. Therefore, the evaluation of the implementation of Pancasila values is carried out by linking empirical findings of distribution, proximity,

and compliance with modern retail with the principles of each precept.

The approach used is a normative-empirical mapping of the suitability of modern retail arrangement practices in Central Lombok with Pancasila values, including aspects of justice, humanity, economic unity, economic democracy, and social welfare. This analysis aims to assess whether the legal politics of modern retail arrangements have functioned as an instrument of protection for the people's economy or actually facilitated the dominance of capital in the local economic space. In order to ensure consistency with the spatial analysis, the proximity data used in this section follows the same classification applied in Figure 2, namely ≤ 100 meters, 101–300 meters, 301–500 meters, 501–1000 meters, and > 1000 meters. The empirical distribution shows that 12 outlets are located within ≤ 100 meters, 32 outlets within 101–300 meters, no outlets within 301–500 meters, 19 outlets within 501–1000 meters, and 76 outlets beyond 1 kilometer,

resulting in a total of 139 outlets. This consistent distribution strengthens the empirical foundation for evaluating how spatial arrangements reflect or deviate from Pancasila values.

The relationship between Pancasila values and modern retail structuring practices is clarified through the presentation of the Pancasila value implementation matrix as systematically displayed in Table 1.

Table 1. Matrix for the Implementation of Pancasila Values in Modern Retail Arrangement

| Basic Principles | Implementation Indicators | Empirical Findings |
|-------------------------------|--|---|
| The One Godhead | Business ethics, social responsibility | It has not been the main consideration in licensing. |
| A Just and Civilized Humanity | Protection of small economic actors | Market traders face pressure from modern retail. |
| The Unity of Indonesia | Balance of regional economic space | The concentration of retail in the center of the economy is not evenly distributed. |
| Citizenship | Traders' participation in structuring policies | Market traders have not been involved in the licensing process. |
| Social Justice | Distribution of economic benefits and protection of people's markets | Asymmetrical competition between modern retail and the market. |

Source: Author's analysis, 2026.

Based on Table 1, it can be seen that the implementation of Pancasila values in the legal politics of modern retail arrangement is still normative

and not fully operational. The values of humanity and social justice, which should be the spirit of regional economic policies, have not been

manifested in the control of the location and number of modern retailers around the people's market. The concentration of modern retail in the center of the economy shows that the principle of equity and balance of space has not yet become the main orientation of policy. The absence of modern retail outlets in the 301–500 meter category, when viewed in conjunction with the overall distribution pattern, further confirms the lack of a gradual buffer zone and indicates weak spatial regulation that has not operationalized the principle of fairness in structuring economic space.

In the precepts of the people, the findings of the study show the lack of participation of market traders in the process of planning and granting modern retail permits. Decisions on the arrangement of economic space tend to be top-down and administrative, so that the voices of people's economic actors are not adequately accommodated. In fact, economic democracy based on Pancasila places the people as

subjects, not objects, in economic development.

From the perspective of social justice precepts, the proximity of modern retail to the people's market creates unbalanced competition due to differences in capital, distribution systems, and the attractiveness of services. When the state does not intervene through fair zoning design, the policy of modern retail arrangement has the potential to widen local economic inequality. This condition shows that the value of Pancasila has not been fully transformed into an instrument of regional economic control.

In terms of legal politics, this indicates a gap between the normative design of Regional Regulation Number 7 of 2021 and its implementation practice. Regulations are still understood as an administrative tool, not as a means of social engineering to realize a just economy. As a result, Pancasila is more often present as a symbolic legitimacy, rather than as a substantive framework in modern retail structuring policymaking.

Thus, the implementation of Pancasila values in the legal politics of modern retail arrangements still requires strengthening at the operational level, especially through the integration of the principles of social justice, people, and humanity into zoning, licensing, and supervision mechanisms. Without the transformation of these values into concrete policies, the modern retail arrangement will continue to move according to the logic of the market, not the logic of protecting the people's economy as mandated by Pancasila.

5. Implications of Modern Retail Arrangement Policy in Central Lombok Regency

Findings regarding the distribution, proximity, violation of distance, and implementation of Pancasila values show that the legal politics of modern retail arrangement in Central Lombok Regency still face structural problems, both at the level of regulatory design and implementation. Therefore, the results of this study do not only stop

at description and evaluation, but are also directed to formulate policy implications that can strengthen the function of Regional Regulation Number 7 of 2021 as an instrument for protecting the people's market.

Conceptually, the legal politics of modern retail structuring should function as a social engineering mechanism (law as a tool of social engineering) that arranges the relationship between large capital and the people's economy so that it takes place fairly. However, empirical findings show that regulations tend to work administrative-formal manner, while the dimension of substantive justice has not been optimally internalized. As a result, business licenses are better understood as operational legitimacy, not as an instrument of controlling the economic space that favors the people's market.

The first policy implication is related to strengthening the people's market protection zoning. The extreme proximity of modern retail to the market shows the need to

establish a firm and measurable buffer zone in the Detailed Spatial Planning Plan (Rencana Detail Tata Ruang-RDTR) and Regional Regulation, for example, the prohibition of the establishment of modern retail within a certain radius of the people's market. Without a clear zoning design, structuring policies will continue to open up asymmetric competition spaces that weaken small traders.

Second, it is necessary to reorient the licensing system from an administrative to a substantive one. The process of issuing Business Identification Number (Nomor Induk Berusaha-NIB), Risk Service Cooperation Permit Card (Kartu Izin Kerja sama Pelayanan Risiko-KKPR), and Building Approval (Persetujuan Bangunan Gedung-PBG) is not only to check the completeness of documents, but also to test the socio-economic impact on the people's

market. This means that every modern retail permit needs to be accompanied by an impact analysis on the sustainability of the surrounding people's market as part of legal considerations.

Third, policy implications also touch on the aspects of local economic participation and democracy. In line with the precepts of the people, people's market traders should be involved in the planning and evaluation process of modern retail arrangements. This participation is important so that policies are not top-down, but reflect the needs and protection of the people's economic subjects.

The policy direction is summarized through the legal and political implications of modern retail arrangements based on Pancasila values presented in Table 2.

Table 2. Implications of the Modern Retail Arrangement Policy Based on Pancasila Values

| Policy Aspects | Current Conditions | Pancasila-Based Policy Direction |
|----------------|--------------------|----------------------------------|
|----------------|--------------------|----------------------------------|

| | | | |
|------------------------|-------|---|--|
| Business zoning | space | Modern retail is close to the people's market | Establishment of a buffer zone for the protection of the people's market |
| Licensing system | | Administrative focus (formal permission) | Evaluation of permits based on socio-economic impact |
| Supervision | | Procedural | Substantive supervision of business competition |
| People's participation | | Market traders are not involved | Involvement of traders in the modern retail arrangement |
| Policy orientation | | Dominant investment | Social justice and people's economic alignment |

Source: Author's analysis, 2026.

Based on Table 2, it can be seen that the legal politics of modern retail arrangement need to be directed at the transformation of Pancasila values into concrete policy instruments. The value of social justice and populism is not sufficiently stated in the consideration of the Regional Regulation, but must be realized in the zoning, licensing, and supervision mechanisms that protect the people's market as the basis of the local economy.

The next policy implication is to strengthen cross-sector coordination between the licensing office, the trade office, and the spatial planning

office. So far, the arrangement of modern retail tends to be fragmented between agencies, so that control of the economic space does not run effectively. Policy integration is needed so that legal politics are not divided between investment interests and people's economic protection.

In addition, the policy of modern retail arrangement also needs to be linked to the people's market revitalization program. Protection not only means restricting modern retail, but also strengthening the competitiveness of the people's market through improving infrastructure, governance, and

service quality. Thus, legal politics is not repressive to investment, but constructive in building regional economic balance.

Thus, the legal politics of modern retail arrangement must be reoriented toward a Pancasila-based social justice approach. Without this transformation, Regional Regulation Number 7 of 2021 risks functioning merely as an instrument for legitimizing capital expansion rather than achieving its intended legal and policy objectives.

Conclusion

This study demonstrates that the legal politics of modern retail arrangement has not fully functioned as an effective instrument to protect people's markets in accordance with Regional Regulation Number 7 of 2021 and the values of Pancasila. The spatial distribution of modern retail shows a clear concentration in economically active sub-districts, indicating that policy implementation remains more oriented toward investment

expansion rather than equitable economic structuring.

Empirical findings from spatial analysis further reveal a critical issue related to proximity. Of the 139 modern retail outlets identified, 12 outlets are located within ≤ 100 meters, 32 outlets within 101–300 meters, none within the 301–500 meter range, 19 outlets within 501–1000 meters, and 76 outlets beyond 1 kilometer from people's markets. This distribution confirms a pattern of spatial clustering at very close distances without the presence of an intermediate buffer zone. The absence of outlets in the 301–500 meter category indicates weak zoning control and the failure to create a gradual spatial transition that could mitigate direct competition.

The use of a 1-kilometer radius as a zoning threshold in this study is based on its relevance in reflecting the functional economic interaction area between modern retail and people's markets, while the ≤ 300 meter range represents a critical proximity level where direct

competition is most intense. Therefore, the dominance of modern retail within this close range highlights the urgency of establishing a firm buffer zone policy to ensure fair competition and protect small-scale traders.

From the perspective of Pancasila values, particularly social justice and economic democracy, current regulatory practices remain largely administrative and have not been substantively operationalized. The absence of effective spatial control, limited participation of market actors, and weak integration of socio-economic considerations in licensing decisions indicate that Pancasila is still positioned as a symbolic reference rather than a functional framework in policy implementation.

Therefore, this study recommends strengthening modern retail regulation through the establishment of clear buffer zones, the reorientation of licensing systems toward socio-economic impact assessment, and the active

involvement of people's market stakeholders in policy processes. In addition, regulatory integration across sectors and alignment with people's market revitalization programs are essential to ensure that modern retail arrangement reflects Pancasila values and supports the sustainability of the local economy.

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