

THE IMPACT OF TOSERBA ABDUSSALAM ON ECONOMIC ACTIVITIES

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ABSTRACT

The presence of modern retail outlets in rural areas has the potential to influence the economic dynamics of MSME operators. This study aims to analyse the impact of the Abdussalam Supermarket on the economic activities of MSMEs in Pasak Village. The study employs a descriptive approach using both quantitative and qualitative methods through observation, interviews, and questionnaires administered to MSME operators in the vicinity of the supermarket. Data were analysed using descriptive statistics, pre- and post-test comparisons regarding the supermarket's presence, and linear regression analysis. The results indicate that the Abdussalam Supermarket has a dual impact. Its presence enhances business efficiency through easier access to raw materials, price stability, and local economic circulation; however, it also creates competition, leading to a decline in turnover for some SMEs. These findings suggest that the adaptability of business operators is a key factor in determining the economic impact experienced. The study concludes that the Abdussalam Supermarket acts as both a driver and a challenge for SMEs. Synergy between the supermarket management, SME operators, and the village government is required to optimise positive impacts and support sustainable local economic growth.

Keywords: Local Economy; Modern Retail; Abdussalam Supermarket; SMEs

A. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) are a vital pillar of the local economy, particularly in rural areas. MSMEs play a role in creating jobs, increasing community income, and maintaining an economic cycle based on local potential (Suryadi 2023). In recent years, the development of modern retail has begun to reach rural areas, influencing community consumption patterns and the dynamics of small businesses. The presence of modern shopping centres not only serves to meet community needs but also has the potential to influence the local market structure, business efficiency, and the level of competition among economic actors (Tohri, Syamsiar, and Parhanuddin 2023). In the context of Pasak Village, the existence of Toserba Abdussalam is an interesting local economic phenomenon as it acts as both a goods distribution centre and a new economic actor that interacts directly with surrounding MSMEs.

The changes in economic structure brought about by the presence of modern retail in rural areas often have complex consequences. On the one hand, modern retail can strengthen SMEs' access to raw materials, streamline the distribution of goods, and drive operational cost efficiency through the availability of more stable and easily accessible products. These conditions have the potential to increase business productivity and expand the local economic network (2025). On the other hand, the presence of modern retail can also trigger fiercer competition, particularly for SMEs offering similar products without clear differentiation. Changes in consumer preferences regarding convenience, product variety, and price stability can influence purchasing patterns, thereby impacting the performance of small businesses in the surrounding area (Dewi, Hubeis, and Riani 2020).

This phenomenon indicates that the relationship between modern retail and MSMEs is not always one of substitution, but can be both competitive and complementary (Hikmawati and

Nuryakin 2017) . The economic interactions that arise reflect the dynamics of business actors' adaptation to changes in the market environment (Gunawan, Wiguna, and Widia 2022) . Therefore, empirical studies analysing the impact of modern retail on the economic activities of MSMEs are crucial for comprehensively understanding the direction of local economic change. Research into the impact of the presence of the Abdussalam Department Store in Pasak Village is expected to provide a concrete picture of how changes in distribution structures and community consumption patterns affect the performance of MSMEs, whilst also serving as a foundation for efforts to strengthen a sustainable local economy.

Theoretically, the presence of modern retail can have a dual impact on the local economy. On the one hand, modern retail can strengthen economic linkages through the provision of raw materials, price stability, and increased trade activity that drives the community's economic turnover (Hermawati and Mubarakah 2025) . On the other hand, modern retail can also lead to business competition that has the potential to reduce the turnover of small business operators who have not yet been able to adapt to market changes (Susanto, Suwarno, and Suwito 2025) . A number of previous studies have shown that modern retail tends to influence consumer behaviour and the structure of business competition; however, studies specifically analysing the reciprocal relationship between modern retail based in Islamic boarding schools and the economic activities of MSMEs at the village level remain limited.

Limitations in previous research indicate a *research gap* that still requires further attention. Generally, there has been little research that empirically examines the impact of local modern retail on MSME economic activity using a comprehensive approach. Most studies tend to focus on only one or two specific aspects, and thus have not been able to provide a complete picture of the complexity of the relationship between modern retail and small businesses at the local level.

In particular, studies that simultaneously integrate the aspects of *economic linkages*, business efficiency, and market competition within a single, comprehensive analytical framework remain relatively limited, especially in the context of the rural economy. Yet, these three aspects are interrelated and play a crucial role in determining the direction and magnitude of the impact caused by the presence of modern retail on SMEs. Furthermore, some previous studies tend to frame the impact of modern retail in a dichotomous manner, emphasising only the negative or positive aspects separately. Such an approach risks oversimplifying a reality that is actually more complex and dynamic. Consequently, research findings have not fully succeeded in explaining *the dual impact* phenomenon that SME operators actually experience on the ground.

Based on this research gap, this study aims to comprehensively analyse the impact of the presence of the Abdussalam Department Store on the economic activities of SMEs in Pasak Village. The analysis is conducted by considering two main aspects: the economic opportunities that arise and the business competition challenges faced by SME operators as a consequence of the entry of modern retail into the local economic structure. With this approach, the research focuses not only on changes in business performance but also on the dynamics of economic interactions occurring at the level of business operators. The novelty of this study lies in the use of an integrated analytical approach that examines the role of local modern retail as a distribution hub within the village's economic ecosystem. This study views modern retail not merely as a business entity competing with MSMEs, but also as an actor with the potential to strengthen local economic linkages. Within this framework, the presence of supermarkets is analysed simultaneously across various dimensions: as a factor influencing the production efficiency of

MSMEs, as a catalyst for the formation of business competition dynamics, and as a link in the economic distribution network at the village level.

This study also emphasises the importance of viewing the impact of modern retail comprehensively, not merely within separate positive or negative frameworks, but as a phenomenon characterised by interrelated dual impacts. This approach is expected to provide a more holistic and contextual understanding of the realities faced by SME operators.

The findings of this study are expected to provide empirical contributions, both theoretically and practically. Theoretically, this study enriches the literature on the local economy and the interaction between modern retail and SMEs. Practically, the findings of this study are expected to form the basis for formulating synergy strategies between modern retail operators, SME operators, and policy-makers at the village level. Thus, the collaboration that is established is expected to support more inclusive, adaptive, and sustainable local economic growth.

B. METHOD

This study employs a descriptive approach using mixed *methods* to comprehensively analyse the impact of the presence of the Abdussalam Supermarket on SME economic activities in Pasak Village. This approach was chosen as it combines the strengths of measurable quantitative analysis with in-depth qualitative approaches, thereby yielding a more holistic understanding of the phenomenon under study.

The quantitative approach is used to objectively and measurably assess changes in SME economic activity, particularly through business performance indicators such as turnover and customer numbers before and after the supermarket's presence. Through this analysis, the researcher can identify patterns of change and compare business performance levels more systematically.

Meanwhile, the qualitative approach is used to gain a deeper understanding of the dynamics occurring on the ground, particularly regarding business competition, changes in consumer behaviour, and economic interdependencies among business actors. This approach enables researchers to explore the experiences, perceptions, and adaptation strategies of SME actors in facing changes in the business environment caused by the presence of modern retail.

By integrating these two approaches, this study not only produces numerical findings but is also able to explain the socio-economic context underpinning these changes. Therefore, the use of *mixed methods* in this study is expected to provide a more comprehensive, valid, and relevant picture in explaining the impact of the presence of the Abdussalam Department Store on the economic activities of SMEs at the local level.

The research data consists of two types, namely primary and secondary data, which are used in a complementary manner to obtain a comprehensive picture of the impact of the presence of the Abdussalam supermarket on the economic activities of MSMEs. The use of these two types of data is intended to enhance the depth of the analysis whilst strengthening the validity of the research findings.

Primary data was obtained directly from primary sources through several data collection techniques, namely field observation, structured interviews, and the distribution of questionnaires to MSME operators operating in the vicinity of the supermarket. Observations were conducted to directly observe business activities, patterns of economic interaction, and business environment conditions relevant to the research. Structured interviews were used to elicit more in-depth information regarding the experiences, perceptions, and adaptation

strategies of SME operators in facing changes resulting from the presence of modern retail. Meanwhile, questionnaires were used to systematically collect quantitative data from respondents.

The information gathered through primary data covers various important aspects, including business characteristics such as the duration of the business and the amount of capital, changes in turnover before and after the hypermarket's presence, the number of customers, the ease of obtaining raw materials, and the forms of business adaptation undertaken by SME operators. This data forms the basis for analysing changes in business performance and the dynamics occurring at the local level.

Secondary data, meanwhile, is obtained from various supporting sources, such as village documentation, reports on local economic activities, and scientific literature relevant to the topics of the local economy and modern retail. This secondary data is used to strengthen the analytical framework, provide a theoretical context, and support the interpretation of empirical findings obtained from primary data.

The research population comprises all SME operators in the vicinity of the supermarket. The sample was determined using purposive sampling, with the criterion being business operators who had been running their businesses both before and after the supermarket's establishment, thereby allowing for a comparative analysis of changes in economic activity. The independent variables of the study are the presence of the supermarket, measured through indicators of accessibility, price stability, product range, and the level of business competition. The dependent variable is the economic activity of MSMEs, measured through changes in turnover, number of customers, production cost efficiency, and business development, with control variables comprising business duration and business capital.

The population in this study comprises all Micro, Small, and Medium Enterprises (MSMEs) operating in the vicinity of the Abdussalam supermarket. This population was selected because it has a direct connection to the presence of this modern retail outlet, making it relevant for analysis in examining the changes in economic activity that have occurred.

The sample was determined using *purposive sampling*, i.e. the deliberate selection of respondents based on specific criteria aligned with the research objectives. The criteria used were business operators who had been running their businesses both before and after the hypermarket's establishment. This criterion is essential to enable the researcher to conduct a more accurate comparative analysis of the changes in business performance experienced by each respondent.

In this study, the independent variable is the presence of hypermarkets, operationalised through several key indicators: the level of accessibility to goods, price stability, the range of products available, and the level of business competition perceived by SME operators. These indicators were selected as they directly reflect the key characteristics of modern retail that have the potential to influence the economic activities of small business operators.

Meanwhile, the dependent variable in this study is the economic activity of SMEs, measured through several business performance indicators, including changes in turnover, number of customers, production cost efficiency, and general business development. These indicators are used to describe the economic condition of the business more comprehensively, both in terms of revenue and operations.

Furthermore, this study also considers control variables, namely business tenure and the amount of business capital. These two variables are used to control for the possible influence of internal factors that may affect business performance beyond the main variables under

investigation. By including control variables, it is hoped that the analysis results will be more accurate and capable of reflecting a clearer relationship between the presence of supermarkets and changes in the economic activities of SMEs.

Data analysis was conducted in three stages. First, descriptive statistics were used to describe the characteristics of the respondents and the general conditions of MSMEs. Second, a before-and-after comparison test regarding the presence of supermarkets was used to identify changes in the economic activities of MSMEs. Third, linear regression analysis was used to test the influence of the presence of supermarkets on the economic activities of MSMEs by including relevant control variables. This approach yielded empirical findings regarding the dynamics of the economic impact of modern retail on MSMEs at the village level.

C. DISCUSSION

RESULTS AND DISCUSSION

A comparative analysis of conditions before and after the presence of the Abdussalam supermarket in Pasak Village revealed significant changes in the economic activity of MSMEs. This comparative approach was used to more clearly identify the dynamics of business performance resulting from the entry of modern retail into the local economic structure. The analysis results indicate that these changes are not merely quantitative but also reflect adjustments in business behaviour at the MSME operator level.

The changes that have occurred are reflected in the key business performance indicators, namely monthly turnover and the number of customers, which are used as measures to assess the level of business development. These two indicators were selected because they are directly linked to day-to-day economic activities and are capable of depicting the real conditions experienced by business operators. Through a comparison of the periods before and after the supermarket's presence, variations in the changes experienced by individual SMEs are evident.

The presentation of the following data provides an overview of the dynamics of the impact, which is not uniform across business operators. Some SMEs show an improvement in performance, whilst others experience a decline. This variation confirms that the impact of modern retail is not homogeneous but is influenced by various factors, such as the type of business, the strategies implemented, and the ability to adapt to changes in the market environment. This phenomenon can be understood through the perspective of business competition theory and market structure transformation. According to (Murti et al. 2022), the presence of new business actors with greater scale and efficiency can trigger a process of *'creative destruction'*—that is, economic structural changes that put pressure on some established players whilst simultaneously opening up opportunities for adaptation and innovation. Furthermore, within the framework of competitive advantage proposed by (Elim et al. 2025), changes in the competitive environment—such as the entry of modern retail—encourage small businesses to adjust their differentiation, pricing, and service quality strategies in order to remain competitive in the market.

Thus, the varying impacts experienced by MSMEs in Pasak Village reflect a process of structural adjustment within the local economic system, in which some businesses face competitive pressures, whilst others gain opportunities to improve their performance by adapting to changes in community consumption patterns.

Table 1. Comparison of MSME Economic Activities Before and After

MSME Respondents	Turnover Before (IDR/month)	Turnover After (IDR/month)	Customers Before (people/week)	Customers After (people/week)	Impact
SME 1	3,000,000	3,500,000	80	95	Increased
SMEs 2	2,500,000	2,100,000	70	60	Decreasing
SMEs 3	4,000,000	4,200,000	100	110	Increased
SMEs 4	2,800,000	2,600,000	75	68	Decreased
SMEs 5	3,500,000	3,900,000	90	105	Increased

Overall, the research findings indicate that three SMEs experienced an improvement in business performance, whilst the other two SMEs experienced a decline following the establishment of the Abdussalam Supermarket. This disparity confirms that the impact is not uniform, but is influenced by the conditions and capabilities of each business operator in responding to changes in the market environment. Quantitatively, the average turnover of SMEs increased from around Rp3,160,000 to Rp3,260,000 per month. Although this increase is relatively modest, it substantively indicates an improvement in economic performance among some local businesses.

This average increase indicates that the presence of supermarkets contributes to improved operational efficiency, particularly for MSMEs capable of capitalising on available opportunities. Based on the results of interviews and field observations, it is evident that ease of access to raw materials is one of the main factors driving this efficiency. Furthermore, more stable availability of goods and the proximity of suppliers play a role in reducing transaction costs and accelerating the procurement process for raw materials.

Efficiency in this procurement process has a direct impact on the smooth running of business operations, enabling SME operators to maintain production continuity more consistently without facing supply constraints. With a more stable production process, business operators also have the opportunity to increase sales capacity, both in terms of volume and transaction frequency. This is ultimately reflected in an increase in the number of customers served by several SMEs, particularly SMEs 1, 3, and 5, which show a growth trend in both turnover and the number of consumers.

From a local economic perspective, these findings indicate the existence of increasingly strong *economic linkages* among businesses within a single region. The presence of Toserba Abdussalam serves not only as a retailer but also as a strategic distribution hub within the village's economic system. This role is evident in its ability to facilitate the flow of goods, both from suppliers to businesses and from businesses to end consumers, thereby creating a more efficient and integrated distribution network.

Furthermore, the supermarket's presence contributes to accelerating the circulation of money at the local level. More intensive and sustained transactions drive an increase in the economic liquidity of the village community. This situation indicates that economic activity is no longer static but is undergoing more active dynamics as the frequency of interactions between economic actors increases.

The multiplier effect of the presence of supermarkets is also increasingly evident through the rise in raw material purchases by MSME operators, wider product distribution, and an increase in household consumption transactions. This impact is not only felt directly by business operators but also spreads to various other sectors involved in the local economic chain.

The presence of the supermarket not only influences the relationship between producers and consumers but also expands a more complex and interconnected economic network. This network involves various actors, such as raw material suppliers, intermediaries, and local workers, thereby creating a more vibrant and sustainable economic ecosystem at the village level. However, research data also reveals significant competitive pressure on some SME operators following the establishment of the Abdussalam supermarket. This is reflected in the decline in turnover and customer numbers at SMEs 2 and 4, indicating a shift in consumer spending patterns. This shift suggests that some consumers are beginning to switch to modern retail, which is perceived as better able to meet their needs in a more practical manner, in terms of product range, price stability, and shopping convenience.

This phenomenon reflects a shift in consumer preferences towards greater rationality, efficiency, and ease of access. In this context, modern retail possesses competitive advantages that are difficult for traditional small businesses to match, particularly in terms of business scale, inventory management, and pricing strategies. Consequently, SMEs lacking unique products or specific service advantages tend to experience a decline in competitiveness in the market.

In an increasingly competitive environment, SMEs selling similar products without any differentiation or service innovation are more vulnerable to losing market share. A lack of product variety, suboptimal service, and limitations in adapting marketing strategies are factors that accelerate a decline in business performance. This indicates that business sustainability is determined not only by the existence of a market, but also by the ability of business owners to create added value that distinguishes their business from competitors. Interpretation of the research results indicates that the adaptability of SME operators is a key factor determining the direction and magnitude of the impact resulting from the presence of the Abdussalam Department Store. In the context of changing market structures and increasing competitive intensity, the ability to adapt is an element that cannot be ignored in maintaining business sustainability. Such adaptation is not only related to operational aspects but also encompasses marketing strategies, service delivery, and more effective resource management.

SMEs capable of adapting their business strategies tend to demonstrate better performance. Forms of adaptation include product differentiation, namely offering products with unique features or added value compared to competitors. Furthermore, improvements in service quality such as friendliness, speed of service, and emotional connection with customers constitute a distinct advantage that is difficult for modern retailers to replicate. Flexibility in transactions, such as offering more lenient payment systems or trust-based services, also serves as an effective strategy for retaining customer loyalty.

On the other hand, utilising local supplies is also an important adaptive strategy, as it can reduce production costs whilst strengthening economic linkages at the village level. The combination of these various strategies enables SMEs not only to survive but also to improve their business performance, as reflected in the stability or even growth of turnover and customer numbers.

Conversely, SMEs that fail to adjust their business strategies tend to face the risk of declining performance. An inability to respond to changes in consumer behaviour and price competition pressures leads to businesses becoming less competitive in the market. In such circumstances, business owners who persist with old patterns without innovation are more likely to lose customers and experience a gradual decline in turnover.

Overall, the presence of Toserba Abdussalam can be understood as a phenomenon playing a dual role in the dynamics of the local economy: both a driver and a challenge for SME operators.

On the one hand, its presence enhances efficiency in production and distribution processes, particularly through easier access to raw materials, supply stability, and the acceleration of goods flow at the village level. This situation indirectly strengthens local economic linkages, where relationships between business operators become more integrated and mutually supportive. On the other hand, the presence of supermarkets also creates a new, more competitive environment. Modern retail, with its advantages in terms of business scale, management, and marketing strategies, drives SMEs to enhance their competitiveness. In this context, SMEs can no longer rely on conventional business models but are required to innovate—whether in product development, service delivery, or marketing strategies—to remain relevant amidst shifting consumer preferences.

The practical implications of these findings emphasise the importance of strong institutional synergy between supermarket operators, SME operators, and village governments. Well-established collaboration can be key to creating a mutually beneficial economic ecosystem. Some potential forms of synergy to be developed include partnerships in the supply of locally sourced raw materials, the provision of dedicated spaces for marketing SME products within or around supermarkets, and the implementation of business capacity-building programmes.

Such capacity-building programmes could include business management training, strengthening marketing strategies, product innovation, and improvements in packaging quality and service. Through a planned and sustainable collaborative approach, it is hoped that all local economic actors can derive proportional benefits from the presence of modern retail. Thus, a synergistic and inclusive approach becomes a relevant strategy for maximising positive impacts whilst minimising negative ones. This is crucial to ensure that local economic growth is not merely quantitative, but also of high quality, equitable, and sustainable in the long term.

D. CONCLUSION

Based on the research findings, the presence of Toserba Abdussalam in Pasak Village has been shown to have a dualistic impact on the economic activities of MSMEs. On the one hand, its presence has improved business efficiency through easier access to raw materials, price stability, and the stimulation of the local economy. However, on the other hand, the emergence of more intense competition has caused some SME operators to experience a decline in turnover and business pressure. Thus, changes in SME performance are not solely determined by the presence of modern retail, but are greatly influenced by the adaptability of business operators in responding to market dynamics. Therefore, synergistic efforts are required between the supermarket management, SME operators, and the village government to create an inclusive economic ecosystem. This synergy is crucial to maximise positive impacts whilst minimising negative ones, ensuring that the presence of modern retail contributes to sustainable local economic growth.

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