

The Relevance, Efficiency and Effectiveness of Business Ethics Empowerment through Supply Chain Development and Merchandising Management in Improving Family Welfare in Traditional Retails in Gresik District, Indonesia

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ABSTRACT

Complex retail business competitions make traditional retails relatively weak. Therefore, Grand Strategy, a model of business ethics empowerment through supply chain and merchandising management in improving family welfare in traditional retails in Gresik district, needs to be done. By implementing training and assistance of business ethics empowerment and supply chain, and merchandise management, a study needs to be conducted. This study aims to find out and analyse the relevancy, efficiency and effectiveness of empowerment program in improving the existence of traditional retails in Gresik district. The results of this study show that business ethics empowerment model, supply chain and merchandising management are assumed to be relevant, efficient, and effective in increasing business existence and family welfare of traditional retails in Gresik district. Both of these systems are concluded to be able to empower traditional retails' objectives. Moreover, this program can also form a nice working atmosphere and keep the importance of customers, suppliers and involved parts in the business.

Keywords: Relevance, efficiency, effectiveness, business ethics, supply chain, Merchandise Management

INTRODUCTION

Since the enactment of liberalization retail sector in 1998, the competitions that occur between modern retails in Indonesia do not only involve local players but also foreign players (Kjeel, 2003). The competitions can be seen from various aspects, such as the competitions between modern and traditional retails, modern retail peer competitions, competitions between traditional retails, and competitions between suppliers (Tambunan et al., 2004 – Utomo, 2011). Among these competitions, traditional and modern retail competitions invite more attention as traditional retail is in weak position. This kind of condition forces all involved parts such as retailers, associations, government, retail business experts play an

This research was funded from the Research Grant of Indonesia Higher Education Research Fundin 2013 active role in settling the competitions considering that traditional markets are the most affected by these competitions. Therefore, traditional business retails need to be more sensitive in responding toward the competitions and market changes if they still want to survive in tight modern business retails competitions (Utami, 2007). Some researches about the effect of modern retails that have been conducted in developed countries such as by Reardon and Berdeque (2002), Reador et al. (2003), Trail (2006) and Reardon and Hopkins (2006) found out the negative effects toward traditional retail business where modern retail business spread wider.

One of the indicators of the imbalance power between traditional retail and modern retail can be viewed in terms of growth of both types of retails. Indonesia Federation Retail Traditional

(FOPPI) notes that traditional markets decrease 8% all over Indonesia every year; meanwhile, modern markets grow massively. Let us take a look in 2004 – 2007; supermarkets increased 50% per year. Even hypermarkets increased 70% (SWA 06/XXV/2009) at the same years. In 2010, Central Bureau of Statistics noted that retail business positively reached 6.1%, where on the contrary, traditional retails left some problems. Based on a survey conducted by Ministry of Commerce (Kemendag) in 12 provinces stated that there were around 3.900 traditional markets and 91% among them were set around 30 years ago (Seputar-Indonesia.Com. 25 March 2011). Other things that need to be faced by East Java traditional retailers in boosting competitions are to set up business plan which is not appropriate yet, lack of access to get loan for the expansion of business, and the incapability of working together with major suppliers due to the low scale of economics.

Although no comfort is offered and even known as wet markets, traditional retails are able to contribute 69.9% for national sale. Based on the data showed by Commission of the Business Competition Control (Komisi Pengawas Persaingan Usaha (KPPU), traditional markets reach up to 13.450 in Indonesia with the amount of sellers around 12.625.000. On the other hand, when we compare modern markets which are run by foreign markets with less workers, traditional markets have more chance in running the district economics and getting more workers. Referring to the data in the last five years, retail industry has second biggest contribution toward GDP processing industry. Even in recruiting the human resources, retail industry is on the second place after farming industry. Judging from the reasons above, retail industry can be said as an industry that dominates people life because almost 10% of Indonesian people depends their life in retail business (Bisnis Indonesia, 2010).

Therefore, some efforts need to be done to keep traditional retail, considering the negative effects of modern retail growth, like: 1) the existence of modern retails shut down small local retailers especially UKM. The number of UKM as modern retails reaches 67% of all total retails, however, UKM only supply 10% of total products sold in a modern retail. It is so as the conditions offers by modern retails are too much to be fulfilled by UKM that has limits; 2) another thing is the effects of modern retails toward local economics. Regarding the district income management, most of it is earned from UKM activities and traditional retails with 70% contribution of the national sale in 2004. Unfortunately, as a result of access closures or even losing in competition against modern retails which make the number of UKM and traditional market sales decreased a lot, where at the end, it only makes their contribution small (Noverly, 2006). That is why traditional retails existence should be maintained. However, they should be more aware on responding to customers' un-met-needs if they want to exist in tight business retails competitions (Utami, 2007). Markets changes and development also demand retails to change old paradigm of traditional retails management into modern retails paradigm management. Traditional retails paradigm states that the most important thing in running retail business is by doing the distribution functions which means to actualize the sales transaction is main purpose of retail activity that needs to be changed and replaced by modern retail paradigm, and focused more on how retails can fulfil their basic needs including others in doing their functions as retailers (Utami, 2010).

The reason of choosing Gresik district in conducting this research is that its economics condition shows rapid progress. Many companies, whether big or small ones, are set up in this district, such as two big companies that belong to BUMN (Indonesia Government) for instance PT. Petrokimia Gresik and PT. Semen Gresik. Meanwhile, retail business also develops very fast in Gresik district. There are some markets; both traditional and modern markets are placed side by side, like traditional market on Samanhudi Street. Gresik market is the oldest traditional market in Gresik. It provides various kinds of daily products, both

primary and secondary needs. Though this market had been renovated several times cause of fire, it is one of the centre of commerce in Gresik district. A research to support traditional retails durability was conducted in 2012. This research focuses on 1) the effectiveness and empowerment of human resources ethics in improving the durability of traditional retails from small scales to middle and at the end to improve the welfare of traditional retailers in Gresik district; 2) to introduce the implementation of modern retails management through Supply Chain and Merchandise Management.

A research previously conducted by Utami & Agustinus (2012) with the title of Business Ethics Empowerment for Small and Middle Scale of Traditional Retails through the Development of Supply Chain and Merchandise Management in Improving the Family Welfare of Traditional Retails in Gresik District. The first founding in this research stated that work ethics is an activity of value awareness in doing business where this activity is intended for self-reflection and the surroundings (ethics toward consumers, competitors, suppliers, government) followed by high motivation to improve high quality of life that gives positive effects for the work management. The second founding of this research is that work management influences significantly and positively toward the continuity of traditional retail. Therefore, a good work management is the most important factor in making the continuity of traditional retails into real. This continuity can be done by increasing the average income, the amount and completeness of goods, the number of buyers, the spreading of business and average profits. It is also known that business ethics has become crucial variables in giving positive influence for business management where self-reflection is valuable for oneself and surroundings in doing business (such as consumers, competitors, suppliers, government). That is why a solution is proposed as follows: how the relevance, efficiency, and effectiveness of business programs in increasing the durability of traditional retail business in order to improve the family welfare in traditional retails in Gresik district.

RELEVANCE

Relevance is a match or something useful. Something is considered relevant when a document has the same topic or related to observed subject (topical relevance). Fosket (1996:15) said that “relevance is the likelihood of their matching our readers’ requirements.” It means that relevance is a matching level or adjustment of documents or systematic recalled data which is supplied by documents users or information. Scoring relevance is a job that requires more carefulness. It is done individually for each scorer where different scorer who will give different scores. Physically, relevant problems are related to the accuracy in searching which is known as recall and precision.

EFFECTIVENESS

The word “effectiveness” is derived from English Language which means success or something accomplished. A well-known scientific dictionary defines effectiveness as punctuality usage, results or aim supports. Steers (2010:87) stated that “effectiveness is a range of a program as a system of resources and facilities to fulfil the objectives and targets without weakening its ways and resources in applying the program. Besides Steers, Tangkilisan (2005:141) stated that there are five criteria in measuring effectiveness, they are: 1) productivity; 2) working adjustment ability; 3) work satisfaction; 4) gaining profit ability; 5) resources research.

EFFICIENCY

The basic of efficiency is ratio or comparison between output and input. Besides mentioned above, another way used to reach higher efficiency is by applying management technologies

that can reduce inputs and increase the ability in producing more outputs. There are some concepts brought up about efficiency, such as stated by Ramesh Bhat (2001) as follows: a) Technical Efficiency. This efficiency relates to the usage of human resources, fund, and machines as inputs to produce the most outputs. b) Allocative Efficiency. It has something to do with the way of minimising production costs by choosing the right inputs in order to produce certain level of inputs and also considering its level price. By doing this, it is assumed that the tested organisation is technically efficient. c) Whole cost efficiency. It deals with Technical and Allocative Efficiency. An organisation said that it has done cost efficiency if it can be both technical and Allocative efficient.

The Sustainability of Traditional Retail Business

A measured performance is a performance to be achieved by the business manager. In other words, being success in a business can be measured by whether or not its intended purpose achieved. Some of the following attributes will provide an overview of empirical phenomena of traditional retail competition and a modern retail which need to be considered in establishing the sustainability of the traditional retail business. They are: turnover, turnover merchandise, price, margins, service friendliness, accurate size, location and atmosphere of the outlet such as safety, comfort and cleanliness.

RESEARCH METHODS

Types of Research

This study is included in the category of exploratory and qualitative research, including the type of experience as a research survey to clarify the relevance, efficiency, effectiveness of business ethics empowerment through the development of supply chain and merchandising management in improving family welfare in the traditional retails in Gresik district. It is being done with searching Data experience which is felt directly by the respondents in this study.

Data Sources, Targets and Informants Characters

This study uses primary data which is obtained through direct interviews with subjects. The subjects used in this study is the retailers who receive training and mentoring of business ethics, supply chain and merchandising management which consists of thirty informants and six traditional retail consumers.

Data Collection Procedures

The data is obtained directly from respondents through direct interviews. Systematically, data collection procedures can be described in a sequential manner starting from 1) set up the interview guide based on concept and model of empowerment, 2) prepared a tape recorder and tapes which are the major tools in gathering the data, 3) seek correspondents in accordance with the target population and the characteristics defined in this study, 4) made an appointment with the respondent about time and place of the meeting agreed in conducting the interview, 5) provided an explanation to the respondents regarding the intentions and purposes of the interview so that the interview could take place as expected, 6) conducted the interview based on interview guide provided and record it, and 7) interviews were recorded and then transcribed, processed, analysed and interpreted as the results of the research.

Validity and Reliability

In testing the validity of the data, the researcher uses triangulation techniques which utilise data validity in checking something other than the data as a mean of checking purposes or as

a comparison of the data. The triangulation used by the researchers is as follows: Triangulation sources. It is utilising different sources to conduct an examination of the data. What is meant by sources here is traditional retailers that had training and mentoring. Triangulation method. It is the use of various methods to study something such as interviews and observation methods. In this study researchers use a diversity of methods to conduct a re-examination of observation and interviews. Triangulation Theory. It is the use of a variety of different theories to ensure that the collected data fulfils the requirements. This theory is made after conducting the research and then formulated into various findings where all of them are supported by relevant theories. This comparison is performed to determine where and what the research findings with the theories that have been formulated first, whether supportive or contrary to existing theories.

Processing and Data Analysis

The technical analysis of the data used in this study uses a qualitative analysis approach, namely content analysis. Sequential processing of data is done through: 1) Open Coding is summarising the data into a defined category; 2) Axial Coding processes is a more focused direct result of Open Coding by grouping based on the category dimensions and attributes of all the respondents into groups that more specific categories; 3) Selective Coding is the process of Axial Coding and continued after the final grouping of the data is processed and ready to do the data analysis.

Businessmen Research Subjects and Traditional Retail Customers

The interviews conducted to obtain the data in this study were performed on thirty subjects who received mentoring retailers and business ethics training, supply chain and merchandising management. The interview of thirty subjects’ research was conducted gradually within two months with the period July – August 2013. As for the distribution of research subjects can be explained in details in Table 1 and 2 below.

Table 1. Research Subject: Retailer

<i>Gender</i>	Male	23	77%	<i>Fields of Business</i>	Bag	7	23%	
	Female	7	23%		Soes/Sandals	8	27%	
<i>Education</i>	Junior High School	6	20%		Clothes	6	20%	
	Elementary School	19	63%		Textile	5	17%	
	Diplome 1	3	10%		Food	3	10%	
	Diplome 3	2	7%		Accessories	1	3%	
<i>Running Business</i>	Under 4 Years	13	43%					
	Above 4 Years	17	57%					

Source: Internal Data, 2013

Table 2. Research Subject: Retail of Customers

<i>Gender</i>	Female	5	83%
	Male	1	17%
<i>Education</i>	Junior High School	1	17%
	Elementary School	4	67%
	Diplome 1	1	17%
	Diplome 3	0	0%

Source: Internal Data, 2013

Table 3. Summary of Qualitative Analysis Research Subject: Traditional Retailer

<i>N</i>	<i>Subject</i>	<i>Relevance:Recall</i>	<i>Relevance: Precision</i>	<i>Efficient Technique</i>	<i>Efficient Allocation</i>	<i>Efficient Cost</i>	<i>Effectiveness</i>
1	Bag and Shoes Retailer (Ind)	Remember about Business ethics concepts, Supply chain and Merchandise	Implementation of proper understanding	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	human resources and inventory allocated appropriately	Need to be disciplined in terms of cost and inventory recording Already implemented	The effort and spirit of doing business increases
2	Clothes Retailer (Na)	Can mention the concept of business ethics, supply chain and merchandise	Good knowledge but limited understanding of the implementation	Technically prefer to focus on streamlined workforce	More easier to implement Merchandise management because learning supply chain	but still difficult in terms of orderly recording	Increased business ethos
3	Accessories Retailer (Ro)	Could explain the concept of business ethics, supply chain and merchandise	Good in terms of understanding but very limited implementation	Focus on streamlined workforce in implementing business ethics, supply chain and merchandise	Merchandise is grouped with either	Efficient but still needs to be improved	Need omzet improve
4	Bags Retailer (Ma)	Remember about Business ethics concepts, Supply chain and Merchandise	Sufficient understanding, implementation of business ethics has not	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	human resources and inventory allocated appropriately	Need to be disciplined in terms of cost and inventory recording	The effort and spirit of doing business increases
5	Foods Retailer (Al)	Remember about the concept of business ethics, supply chain and merchandise	Good Knowledge but limited for implementation	Technically prefer to focus on streamlined workforce	Merchandise management easier because studying supply chain	Already implemented but still difficult in recording costs	Need omzet improve
6	Shoes Retailer (Im)	Remember supply chain and merchandise but	Implementation of proper understanding	Focus on work force within implement streamlined business ethics, supply chain	Merchandise is grouped with either	Need to be disciplined in terms of cost	Need to improve the omzet

13	Textile Retailer (Fa)	Could explain the concept of business ethics, supply chain and merchandise	Baik dalam hal pemahaman namun implementasi sangat terbatas	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Merchandise management easier because studying supply chain	Recording inventory needs to be disciplined	Increased business ethos
14	Textile Retailer (Ma)	Mengingat dengan baik konsep etika usaha, supply chain dan merchandise	Implementation of proper understanding	Technically prefer to focus on streamlined workforce	Merchandise management easier because studying supply chain	Already implemented but still difficult	Increasing effort and passion in running a business
15	Bags Retailer (Hu)	Given the well but do not understand the concept of business ethics, supply chain and merchandise	Pemahaman cukup, implementasi etika usaha belum	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Merchandise properly classified as learning merchandising, Human Resources also allocated appropriately	Need to be disciplined in terms of cost and inventory recording	Increased business ethos
16	Shoes/sandals retailer (Hc)	Could explain the concept of business ethics, supply chain and merchandise	Baik dalam hal pemahaman namun implementasi sangat terbatas	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Human resources and merchandise inventory allocated appropriately	Recording inventory needs to be disciplined	Increasing effort and passion in running a business
17	Textile Retailer (MK)	Mengingat dengan baik konsep etika usaha, supply chain dan merchandise	Implementation of proper understanding	Technically prefer to focus on streamlined workforce	Merchandise properly classified as learning merchandising, Human Resources also allocated appropriately	Already implemented but still difficult in recording costs	Increased business ethos
18	Clothes Retailer (Ro)	Could explain the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Human Resources allocated appropriately	Need to be disciplined in terms of cost and inventory recording	Increased business ethos
19	Textile Retailer (Su)	Given the well but do not understand the concept of business	Sufficient understanding, implementation	Focus on workforce within implement streamlined business ethics, supply chain	Human Resources allocated appropriately	Already implemented but still	Increased business ethos

	ethics, supply chain and merchandise	of business ethics has not	and merchandise	difficult in recording costs
20	Bags Retailer (JK) Could explain the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on workforce within business ethics, supply chain and merchandise	Recording inventory needs to be disciplined Increased business ethos
21	Shoes/sandals Retailer (An) Given the good concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Technically prefer to focus on streamlined workforce implemented ethics with in the business, supply chain and merchandise	Already implemented but still difficult in recording costs Increased business ethos
22	Lothes Retailer (Hd) Given the good concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Need to be disciplined in terms of cost and inventory recording Increased business ethos Increasing efforts and spirit of doing business because of ethical, on the other hand also increased turnover
23	Shoes/sandals Retailer (Yu) Could explain the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on work force within implement streamlined business ethics, supply chain and merchandise	Already implemented but still difficult in recording costs Increased business ethos
24	Bags Retailer (Hu) Given the well but do not understand the concept of business ethics, supply chain and merchandise	Sufficient understanding, implementation of business ethics has not	Technically prefer to focus on streamlined workforce	Already implemented but still difficult in recording costs Increased business ethos
25	Textile Retailer (In) Could explain the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Already implemented but still difficult in recording costs Increased business ethos

26	Food Retailer (Se)	Given the well but do not understand the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	also allocated appropriately Human Resources allocated appropriately	recording costs Recording inventory needs to be disciplined	Increasing efforts and spirit of doing business because of ethical, on the other hand also increased turnover
27	Foods Retailer (He)	Could explain the concept of business ethics, supply chain and merchandise	Both in terms of understanding but very limited implementation	Technically prefer to focus on streamlined workforce implemented ethics within the business, supply chain and merchandise	Merchandise management easier because studying supply chain Merchandise properly classified as learning merchandising, Human Resources also allocated appropriately	Already implemented but still difficult in recording costs Need to be disciplined in terms of cost and inventory recording	Increased business ethos
28	Shoes Retailer (Da)	Given the well but do not understand the concept of business ethics, supply chain and merchandise	Sufficient understanding, implementation of business ethics has not	Focus on workforce within implement streamlined business ethics, supply chain and merchandise			Increased business ethos
29	Bags retailer (DB)	Could explain the concept of business ethics, supply chain and merchandise	Implementation of proper understanding	Technically prefer to focus on streamlined workforce implemented ethics within the business, supply chain and merchandise	Merchandise management easier because studying supply chain	Already implemented but still difficult in recording costs	The ethos of the business increased the long-term orientation because running an ethical business, turnover rose also profit rise Increasing efforts and spirit of doing business because of ethical, on the other hand also increased turnover
30	Clothes Retailer (Ek)	Given the well but do not understand the concept of business ethics, supply chain and merchandise	Both in terms of understanding but very limited implementation	Focus on workforce within implement streamlined business ethics, supply chain and merchandise	Human resources and merchandise inventory allocated appropriately	Recording inventory needs to be disciplined	

Table 3 can be formulated based on the analysis of the relevance, efficiency and effectiveness of development programs as follows:

Relevance of the indicator: recall and precisions. Able to hear and explain the concept of business ethics, supply chain management and management merchandise well and at the same time have been able to understand by implementing it, while some are still difficult to understand and recall it, particularly the concept of business ethics. They even said that they were not able to understand and implement it, as it is a useless thing to do if the external business surroundings do not apply it.

Traditional retailers who expressed their difficulty in stating and understanding the concept of business ethics, in fact, many of them have not tried to implement the concept of good business nicely. While the concept related to supply chain management and merchandise management, informant explained more enthusiastic in the context of merchandising management compared with supply chain management. Some of them also explained well that the aspects of displaying and grouping merchandise can be very useful in assisting to raise their sales turnover.

Efficiency is associated with technical efficiency, cost efficiency and functional efficiency. In the context of technical efficiency, there is a view pattern of traditional retailers of the subject which technically they prefer to focus on streamlined workforce in implementing the concept of supply chain management and merchandise management as many of them still believe that their personal workers need not independently recorded especially in payroll costs. In accordance to Allocative efficiency, retailers realise that the subject of the ethics of business assistance programs, supply chain and merchandise management, they can focus more on human resources efficiency and managing better inventories of goods or merchandise grouping which shown an allocative efficiency in the implementation of their business. Regarding costs efficiency, Allocative traditional retailers expressed clearly about business ethics, supply chain management and merchandising management. It means that they are able to implement the costs efficiency. It is expressed clearly from their response that stated by implementing cost efficiency precisely because they have been able to perform technical and functional efficiency, but they are aware of the needs for more efforts in term of recording, whether cost recording or merchandise inventory.

Effective traditional retailers stated that the empowerment of business ethics, supply chain management and merchandise management is very effective in raising awareness, good business ethics and long-term oriented. This has been implemented and proved that the turnover and profits can be increased by traditional retailers. Source Triangulation is done by conducting interviews with customers to confirm whether it is true empowerment of business ethics, supply chain and merchandise management can improve the quality of care.

Table 4. Summary of Qualitative Analysis: Research Subject_Traditional Retail

<i>No</i>		<i>Response</i>
<i>Customers</i>		
1.	La	Feel very happy shopping at this store, merchandise at low prices with good quality, good merchandise arrangement in shantie she becomes more easily find the goods to be bought and instead buy more than one number. Related to business ethics, Latifah assume that what is important not to dishonest traders selling poor quality goods.
2.	Ma	Feel very happy shopping in traditional retail, get merchandise at a low price with good quality, good merchandise arrangement in shanties he becomes more easily

		find the goods to be bought and instead buy more than one number. Related to business ethics traders to be more polite in serving customers.
3.	Na	Revealed that he was very happy shopping in traditional retail is considering getting merchandise at low prices with good quality, Latifah also added that with a good arrangement of merchandise in her stall to more easily find the goods to be bought and instead buy the number more than one. Related to business ethics Narsih stated that traders be committed to providing the best service, honest about the quality of their products on the award tone da customers and fellow traders.
4.	Wa	Revealed that he was very happy shopping in traditional retail is considering getting merchandise at low prices with good quality, Latifah also added that with a good arrangement of merchandise in her stall to more easily find the goods to be bought and instead buy the number more than one. Business ethics is a very important thing to be implemented in running the business properly.
5.	Lu	Revealed that he was very happy shopping in traditional retail is considering getting merchandise at low prices with good quality, Latifah also added that with a good arrangement of merchandise in her stall to more easily find the goods to be bought and instead buy the number more than one. Business ethics is important in doing business because it always seeks to maintain the fairness of all parties involved in the business.
6.	No	Revealed that he was very happy shopping in traditional retail is considering getting merchandise at low prices with good quality, Nono also added that the arrangement of merchandise both in shanties he becomes more easily find the goods to be bought and instead buy the number more than one. Business ethics for Nono is how customers are treated fairly

Source: Internal Data, 2013

Based on Table 4, thirty of traditional retailers stated that the average traditional models of retail development rely on business ethics, supply chain management and merchandising management in building relevance, efficiency and effectiveness to develop the existence of traditional retailers in Gresik district. This is also in line with the assessment of the six traditional retail customers (Table 4.10) who stated that traditional retailers are able to provide more comfort for more varied merchandise, good quality, and relatively inexpensive and attractive display for a purchase. They were quite honest in giving information about the quality of the products, good pricing and responding customers.

According to the consumers, sending supplies to stores that are not on time will cause them not able to prepare customers' needs. This thing will gradually reduce customer loyalty and impact the sales loss. Sales losses occur when customers' loyalty at a store is weakened, and then customers will shop at other stores which can cause a drastic decline in store sales. On the other hand, out of stock may reflect poor management of inventory on the market and cause major problems such as a reduction in customers' loyalty and sales losses that cannot be avoided. Whereas according to Utami (2010:143), some benefits of supply chain management and good merchandising are:

1. To increase stores' sales. The results showed that 2/3 of consumers in deciding to buy their goods when they are in the store. It means that good merchandising is expected to increase in the purchase intention of consumers and may ultimately increase store sales.

2. To promote new items. Good merchandising enable new products or brands get more attention from consumers.
3. To increase current sales. Merchandising within the store can increase current sales by influencing purchases or complementary purchases for certain products.
4. To improve the image of the products. Efforts to improve the image of the products occur when the purchasing plan of a particular category of a product may be affected by merchandising for shoppers in stores today.

The key to apply the sales figures in order to increase retail business continually is by selling or supplying goods with good quality which is able to respond to customers' needs. If retailers have unsold merchandise, they have to take them away from the display and change them with better merchandise to make good sales. Thus it can be said that the main goal of most of the retail is to sell merchandise and provide services to consumers through various and qualified merchandise. Therefore, determining what items should be offered to customers and how much, is a primary task of all retails. Both large and small retails are faced with making a decision on hundreds of items of merchandise offered by the vendor or supplier. It is most closely related to the management of merchandise in handling the creative process in an attempt to present or display merchandise with the aim of maximising the attractiveness of retail sales. Related to the business ethics awareness activities in carrying value of business as a meaningful activity for oneself and the environment (ethics on consumers, competitors, suppliers, government) with high motivation to improve the quality of personal life is in line with the findings of the research Babin et al. 2009 who stated that retail traditional business ethics is related business similar evoked in the retail-selling day. This finding indicates that consumers respond in a retail business similar to business buyers upon perceiving that salespeople are acting opportunistically (Smith and Barclay, 2011). This means that business ethics toward consumers, competitors, suppliers and government will give influence on the working achievement management in capital and marketing development or business network.

CONCLUSION AND SUGGESTIONS

Based on analysis and discussion, it can be concluded as follows:

Conclusion

The analysis result shows that thirty of traditional retailers stated that traditional retail development model is based on business ethics, supply chain management and merchandising management in establishing relevancy, efficiency and effectiveness of business durability and ultimately improve the welfare of traditional retails in Gresik district. Both systems are rated to support traditional retail business goals while the implementation of business ethics raises a good work ethics and also handle the interests of customers, suppliers and all parties involved in the business. It is also in line with the assessment of traditional retail customers that traditional retailers who have run the model is able to provide more comfort for more varied merchandise, good quality, relatively inexpensive and more attractive display for customers to buy.

Suggestions

Based on the findings in this study, it can be suggested that in order of relevance, efficiency and effectiveness of the empowerment model of business ethics, supply chain and merchandising management for traditional retailers in order to improve business

sustainability and ultimately family welfare in Gresik district, the researcher can convey some suggestion as follows:

1. Business ethics is the value of understanding in doing business as a meaningful activity for oneself and environment (ethics toward consumers, competitors, suppliers, government) followed by high motivation to improve the quality of personal life, especially a good understanding in a religion as the majority of people in Gresik district are quite religious. This thing is clearly seen from the interview results where traditional retailers answered that implementing business ethics is identical with praying.
2. The briefing of supply chain and merchandise management will be much better implemented by giving better understanding in simple accountancy major and the merchandise grouping management.

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