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Analysis of Monopolistic Practices and Business Competition in the Limboto Traditional Market

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ABSTRACT

This study analyzes monopoly practices and business competition in the traditional market of Limboto, Gorontalo. The Limboto traditional market is an important trading center in the region involving various types of goods and services. This study aims to explore how monopolistic practices and competitive dynamics affect market conditions, prices of goods, and the welfare of traders and consumers. In addition, business competition in the traditional Limboto market shows unique characteristics, including informal collaboration between traders and the role and influence of the local market on competition. This research is expected to provide insight for policymakers and stakeholders in formulating strategies to improve market efficiency and local economic welfare.

Keywords : *Business competition, Limboto, monopoly, traditional market*

A. INTRODUCTION

A monopoly occurs when one or more entities dominate the market and have significant power to influence the price as well as the availability of goods or services. In a monopoly condition, market controllers can set prices outside reasonable limits without having to face meaningful competition from other competitors. Monopolies often result in higher prices and more limited choices for consumers, due to the market power being concentrated on one dominant party.

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Monopolies can arise due to a variety of factors, including scarce control of resources, high barriers to entry for new competitors, or regulations that give exclusive advantages to some market players (Asyono & Samputra, 2023). In contrast, business competition refers to a situation where many business people compete in the market to offer goods or services to consumers. In a competitive environment, no single entity has dominant control over the market. Business competition spurs innovation, increases efficiency, and often lowers prices, as each market participant seeks to attract customers by offering better or cheaper products. Healthy competition also encourages diversity in product and service offerings, giving consumers more choice and allowing them to get the best value for their money (Nasution et al., 2022)..

Traditional markets are meeting places between buyers and sellers that operate in a more informal way than modern markets or large retailers. These markets often have unique characteristics, such as direct transactions between merchants and consumers, as well as the use of barter or cash payment methods. Traditional markets play an important role in the local economy by providing access to basic goods and local products that are not always available in formal markets. In traditional markets, the dynamics of competition and monopoly can be very different compared to modern markets. Traders in traditional markets may engage in more informal competition, collaborate with each other, or operate under pressure from large traders who have greater market power. With variations in the size and type of traders, traditional markets can offer flexibility in pricing and product innovation that is difficult to find in more structured markets (Nasution et al., 2022)..

The traditional Limboto market in Gorontalo plays a central role in the local economy, providing a variety of goods and services needed by the people on a daily basis. As one of the main trading centers in the region, this market not only meets the needs of consumers but also becomes a meeting place for various traders with different business scales. However, the dynamics in this traditional market are often influenced by monopolistic practices and complex business competition, which can affect price stability and accessibility of goods for consumers.

In this context, monopolistic practices by some large traders can hinder healthy competition and affect market prices. Wholesalers who control the supply of certain goods often have the power to set higher prices and regulate the availability of goods, which negatively impacts small traders and consumers. Conversely, competition among small merchants also plays an important role in determining the quality and variety of goods offered. Therefore, understanding monopolistic practices and business competition in the traditional Limboto market is essential to formulate strategies that can improve market efficiency and local economic welfare (Rimapradesi et al., 2023).

Economic growth (*e-commerce)* has accelerated economic growth in Indonesia. Increasing *online* sales contribute positively to national income and create new jobs in the supply chain (*e-commerce),* including logistics, online payments, and digital marketing. The industry (*e-commerce)* allows companies, especially small and medium-sized companies, to reach a wider market. This helps in distributing products and services to previously hard-to-reach areas, thereby increasing accessibility for consumers throughout the country.

With strong growth *(e-commerce*), the emergence of unbalanced competition causes injustice when large social media with large resources has a significant advantage. This can hinder the development of healthy competition, affect opportunities for small players, and pose a risk of disproportionate dominance in *the online* market.

The Limboto Traditional Market, located in Gorontalo, is a major trading center that plays a crucial role in the local economy. This market serves the various needs of the community by providing various types of goods and services. However, like many other traditional markets, Limboto faces challenges related to monopolistic practices and business competition that can affect the welfare of traders and consumers. This article aims to analyze how monopolistic practices and business competition affect market conditions in Limboto (Rimapradesi et al., 2023).

The purpose of this study is to understand monopolistic practices and competition in the Limboto traditional market in depth. By examining these aspects, this study aims to identify the impact of monopolistic practices on small traders, consumers, and the local economy as a whole. A better understanding of the dynamics of competition in this market is also important to know how traders compete in attracting consumers and maintaining the sustainability of their businesses (Keller et al. 2021).

This study is urgent because monopolistic practices in traditional markets can hinder the creation of a healthy business environment, harm small business actors, and reduce consumer choice and purchasing power. By identifying the factors that influence monopolistic practices and competition in the Limboto market, the results of this study are expected to provide insight for local governments and other stakeholders in formulating policies that can support fairer business competition (Russo et al. 2023).

B. METHODOLOGY

This study uses a qualitative approach with direct observation methods, in-depth interviews with market participants, and secondary data analysis. Observations were made in the Limboto market to understand the dynamics of interaction between traders and consumers. Interviews are conducted with traders, consumers, and other relevant parties to gain perspectives on monopolistic and competitive practices. Secondary data in the form of reports and previous studies were also analyzed to support the research findings(Dyarini et al., 2022).

This study adopts a qualitative approach to gain an in-depth understanding of monopoly practices and business competition in the traditional market of Limboto. The main method used is direct observation at the market location, which allows researchers to observe firsthand the dynamics of interactions between traders and consumers. These observations aim to capture how large and small traders operate, as well as how their interactions affect the price and availability of goods in the market. By observing the market environment, researchers can identify patterns of behavior that indicate monopolistic practices and the level of competition among traders.

In addition to observations, in-depth interviews were conducted with various related parties, including traders, consumers, and other stakeholders, to obtain various perspectives on market conditions. This interview aims to dig up more information about how wholesalers affect the price and availability of goods, as well as how small traders respond to pressures from wholesaler dominance. By getting a direct view from market participants, researchers can better understand the impact of monopolistic practices and competition strategies implemented in the traditional market of Limboto.

Number of Respondents There are 15 to 25 traders, (Dyarini et al., 2022). this number is enough to capture the variety of experiences and views of small traders in the traditional market of Limboto.

Respondent selection criteria

1. Trading Experience, traders who already have at least 5 years of trading experience
2. The type of products sold, We choose traders with various product categories, such as sellers of vegetables, meat, clothing, and other staples. To understand the specific challenges that may differ in each product category.
3. The impact of competition, those who feel firsthand the impact of the big competitors of modern retail, because they can provide a specific perspective on the challenges related to monopoly

To complement the findings from observations and interviews, secondary data analysis was also conducted. Secondary data includes market reports, previous studies, and relevant documents that provide additional context regarding market conditions in Limboto. This analysis helps in validating the findings obtained from observations and interviews, as well as providing a historical and comparative perspective that strengthens the research results. By combining these various methods, the research is expected to provide a comprehensive picture of monopoly practices and competitive dynamics in the traditional market of Limboto.

D. RESULTS AND DISCUSSION

Monopoly Practices in Limboto Traditional Market

The practice of monopoly in the traditional Limboto market is very clearly seen from the dominance of several large traders who have a significant influence on the price and availability of goods. These large traders often control the supply of certain goods, such as foodstuffs, so that they can affect the selling price to consumers. For example, they have the power to set higher prices compared to fair market prices due to the lack of direct competitors who can balance the prices. As a result, consumers have to pay more for goods that can actually be obtained at a cheaper price if there is tougher competition.

Market dominance by large traders not only affects the price of goods, but also changes the overall market structure. By controlling supply and price, large traders create significant barriers for small traders looking to enter the market. Small traders often face difficulties in competing because they are unable to match the prices set by large traders who already have an extensive distribution network and greater bargaining power. This causes the market to be unhealthy and reduces the opportunities for newcomers to participate fairly.

As a result of this monopolistic practice, the market structure became increasingly uneven, with most of the profits and market control concentrated in large traders. This hinders the dynamics of healthy competition and reduces the diversity of choices for consumers. Small merchants facing competitive difficulties may be forced to exit the market or scale their operations, thereby reducing the diversity of products and services available to consumers. Therefore, regulatory intervention and support for small traders are essential to restore balance and improve the efficiency of Limboto's traditional market.

Anti Monopoly Definition of monopoly in Black's Law Dictionary: "Monopoly is a previlege or peculiar advantage vested in one or more persons or companies, consisting in the exclusive right (or power) to carry on a particular business or trade, manufacture a particular article, or control the sale of the wholesupply of a particular commodity. I Etymologically, the word "monopoly" is derived from the Greek words 'Monos' meaning oneself and 'Polein' meaning seller. From the root of the word, people simply give the meaning of monoopli as a condition where there is only one seller who offers (supply) a certain good or service. (Arie Siswanto, 2002)

From the analysis carried out in the traditional market of Limboto, it was found that there were indications of monopoly practices carried out by several wholesalers. These traders have significant control over the supply of certain goods, especially in the food sector such as rice, cooking oil, and vegetables. They often control the selling price of goods, which results in higher prices for consumers. This is due to the lack of direct competitors who are able to balance prices, so that large traders can set prices unilaterally. This practice creates barriers for small traders who do not have the capacity to compete at prices set by dominant players, reducing their chances of competing fairly in the market.

Business Competition in Limboto Traditional Market

Business competition in the Limboto market has distinctive characteristics, especially with the intense interaction between small and medium traders. Although there are monopoly elements dominated by large traders, small traders are still active in competing. This competition is often informal, where traders engage in unstructured forms of collaboration, such as sharing information about supply or sales strategies. These informal collaborations help them reduce operational costs and increase their competitiveness against wholesalers, who often control the supply of certain goods.

The role of the local market is very important in shaping this competitive dynamic. Merchants often implement strategies such as providing seasonal discounts or special offers to attract consumers and increase sales volume. In addition, competition is also influenced by external factors such as fluctuations in raw material prices and changes in consumer preferences. The instability of raw material prices and shifting market preferences forced traders to constantly adapt and adjust their strategies, thus creating a dynamic and adaptive competitive environment in the traditional market of Limboto.

Despite the monopoly elements, business competition in the Limboto market continues to be intense among small and medium traders. Small traders often engage in more informal forms of competition, such as cooperation with fellow traders to share supply information and marketing techniques. They also implement strategies such as seasonal discount offers and promotions to attract consumers. This competition can increase product variety and provide consumers with additional choices, but it is often not enough to offset the market power of the big traders who control most of the supply of goods.

Impact on Merchants and Consumers

Monopolistic practices carried out by wholesalers in the Limboto market have a significant impact on small traders and consumers. For small traders, monopolies controlled by a few large traders often result in an inability to compete effectively. They face difficulties in setting competitive prices because wholesalers have the power to influence the price of supply and sell goods at much lower prices. As a result, many small traders are forced to sell with thin profit margins or even exit the market, reducing the diversity and choice available to consumers.

For consumers, monopolistic practices can cause the price of goods to be unreasonable and higher than they should be. Dependence on a few wholesalers who control the supply of certain goods often reduces the bargaining power of consumers, who must accept the prices set by the wholesalers. It also reduces the accessibility of goods, especially if wholesalers decide to reduce supply or unilaterally raise prices. With a lack of alternative options, consumers may not have many options to get items at more affordable prices or better quality.

Dominant monopolistic practices have a significant impact on small traders and consumers. Small traders often find it difficult to compete with the prices set by large traders and face challenges in increasing their sales volume. They may be forced to sell with low profit margins or even exit the market, reducing the diversity of options available to consumers. Meanwhile, consumers tend to pay higher prices for goods that should be available at more affordable prices in conditions of healthy competition. On the other hand, competition among small merchants can directly benefit consumers through product variety and special offers, although those benefits are often limited by the dominance of large merchants.(Shang et al.)

However, competition among small merchants can provide benefits to consumers in the form of product variety and special offers. Small merchants often use strategies such as seasonal discounts or promotions to attract customers, which can provide immediate benefits for consumers. However, price instability and a decrease in the competitiveness of small traders due to monopolistic practices can be detrimental to overall economic welfare. Therefore, it is important to balance market regulation in order to encourage healthy competition and ensure that both small traders and consumers can enjoy the benefits of a fair and competitive market.(Lambertini and Tampieri, 2021).

To enhance market efficiency and support local economic well-being in the Limboto Traditional Market, several strategic recommendations can be pursued. First, strict regulation and supervision of monopolistic practices are essential to ensure fair competition, particularly targeting anti-competitive practices like price control by wholesalers. This enforcement can protect smaller traders and consumers from unfair pricing. Additionally, supporting small traders through financial assistance and training in business management and marketing can help them compete effectively, expand their businesses, and offer diverse, competitively priced goods. By strengthening the role of small traders, the market can become more dynamic, benefiting both consumers and traders alike.

Other measures include implementing transparent pricing systems to allow real-time access to market prices for both consumers and traders. Such transparency enables consumers to make informed decisions and traders to set fair prices, reducing price manipulation. Establishing trader cooperatives can also increase their collective bargaining power, giving them better access to capital and management training. Finally, improving market infrastructure and promoting the market through events and social media can attract visitors and enhance the market's appeal. Successful implementation of these recommendations will require collaboration between local governments, traders, non-governmental organizations, and universities to provide policy support, training, and technical assistance.

E. CONCLUSION

The practice of monopoly in the traditional market of Limboto shows the dominance of a few large traders who have significant power to influence the price and availability of goods. This market dominance by wholesalers often results in higher prices and more limited choices for consumers, as they can set prices outside of reasonable limits in the absence of meaningful competition. Wholesalers control the supply of certain goods, thus reducing the opportunities for small traders to compete effectively. This creates injustice in the market and hinders the diversity of products and services available to consumers.

The dominance of large traders has created obstacles for small traders to be able to compete effectively. Small traders have difficulty matching the price set by large traders. Monopolistic practices are based on increasing prices for consumers and reducing the diversity of choices. Meanwhile, ecil traders experienced a decrease in competitiveness and profit margins. Nevertheless, there is still competition between small traders, even though it is informal through promotional or information cooperation. However, the positive impact is limited by the dominance of large traders. To improve market efficiency, measures such as monopoly supervision, support for small traders, and the transshipment of price information are necessary. That way, it is hoped that healthier competition can be created.

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