

The Business Practices of After the Second-Hand Clothes Import Ban in Indonesia (Studies at Jamblang and Nangka Traditional Market)

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ABSTRACT: This research project examines the experiences and performance of two small and medium-sized enterprises (SMEs) in the imported second-hand clothes industry following the implementation of Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022. The study involves two distinct sellers, one from the Jamblang Traditional Market and the other from the Nangka Traditional Market. The performance is assessed according to five dimensions: sales revenue, profit rate, distribution process, consumer traffic, and unexpected impacts. The qualitative method was utilized as the approach in this research. Data were collected through observation, interviews, and document analysis, and were subsequently analyzed using NVIVO 12. The findings of this research indicate that the implementation of the import ban on used clothes has a negligible impact on the performance of the two small retailers under study. The impact is initially experienced by the retailers, but as time progresses, the regulation is no longer perceived as a threat.

Keywords: SMEs, Imported Second-Hand Clothes, Regulation, Performance



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INTRODUCTION

The selling activity of second-hand clothes colloquially referred to as thrifting has been gathering a significant amount of attention in the last couple of years in Indonesia. The proliferation of thrifting activity could be dated back to 1998 when the monetary crisis swept Southeast Asia. Many big cities such as Jakarta, Bandung, and Surabaya experienced devastating decreases in consumer buying power which gave birth to flea markets as the alternative that avail options for cheaper goods (Rahmawati et al., 2022). Thrifting in the sense of fashion refers to the buying and selling activity of second-hand clothes (Ambuwaru, 2023). The only way Indonesia can participate in the second-hand clothes market is through import. Import can be defined as a selling and buying activity by shipping goods to the customs area in a certain country from another country (Supardi, 2021) In the present day, Indonesia earned its supply of second-hand clothes through import activities with various countries, dominantly from Japan, Australia, and Malaysia. The high interest shown in second-hand clothes marked its power to be its operating industry separated from the

local textile industry. Questioning the legality and benefits of the thrifting industry rose to the surface when the Ministry of Trade, Zulkifli Hasan, decided to publish Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022: Amendments concerning Goods Prohibited from Export and Goods Prohibited from Import. The regulation specifically mentioned second-hand clothes as one of the goods prohibited from entering the country.

The regulation enshrined by the Ministry of Trade of the Republic of Indonesia in 2022 aimed to be a protection to Indonesia's SMEs (Small and Medium-sized Enterprises), especially within the textile industry. SMEs can be defined as businesses owned by individual owners to satisfy the consumer's needs (Apriani & Said, 2022). The regulation itself is not new, since 2015 the Ministry of Trade has published the regulation and included second-hand clothes as illegal goods. The current version of the regulation revised the first and second clauses. Second-hand clothes are seen to be disruptive to Indonesia's textile and clothing industry as they are well known for their low prices and high-quality material compared to the clothes produced by the SMEs. In recent years, the implementation of the regulation has been a spectacle. In 2023, the current Ministry of Trade decided to burn around the 80-billion-dollar value of second-hand clothes (Abedin et al., 2024). The burning of second-hand clothes has also been acted upon by the State Police. In the same year, the State Police of West Java confiscated a huge amount of second-hand clothes from a warehouse at Gedebage Traditional Market.

The burning and confiscation while most definitely heightened the tension among second-hand clothes retailers, the popularity of the industry seems to stay on the rise. In many urban settings, stalls and dedicated markets for second-hand clothes emerge significantly. In Jakarta, several popular markets include Senen Market, Baru Market, and Santa Market. The emerging process is also to be seen in smaller markets around local neighborhoods. The sentiment and response toward the Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022 are polarized. The government perceives the regulation as a progress toward the betterment of the SMEs in Indonesia, a similar response coming also from many of Indonesia's SMEs. In contradiction, small retailers of second-hand clothes who identified themselves as SMEs also, see the regulation as a discrimination (Hui et al., 2024). The regulation inevitably affected the small retailers in varied ways that are necessary to be recognized.

Despite the existence of several studies (Budiyanti, 2023; Muzanah Zain & Ayu Chandra Agustin, 2023; Soritua et al., 2023) that have discussed the phenomenon of imported used clothing in Indonesia from various regulatory perspectives, including the economic, social, and environmental impacts, there remain limitations in understanding the influence of government policies on the dynamics of this used clothing market. Furthermore, previous studies, such as those by Dharma (2023) and Syahrivar et al. (2023), tend to focus more on aspects of consumption and consumer behaviour from the perspective of consumers (Dharma, 2023; Syahrivar et al., 2023). In contrast, studies that explore the role of traders (the small retailers of second-hand clothes) as one of the key actors in the imported used clothing market in Indonesia at the grassroots level remain relatively limited. It is therefore evident that further research is required to gain a more comprehensive understanding of the implications of the imported second-hand clothing phenomenon in Indonesia.

The perspective of the small retailers of second-hand clothes is oftentimes overlooked by the stigmas and the constant scapegoating action aimed directly at the small retailers as the main cause of problems experienced by local SMEs. The study particularly gives the platform to the small retailers of second-hand clothes at Jamblang Traditional Market and Nangka Traditional Market to present their point of view on the impacts sparked by the Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022. The main aspect that is explored is how the regulation affects the performance of small retailers (Jacques et al., 2024; Yoo et al., 2023). Performance is essential to measure the long-term sustainability of SMEs and the possibilities of achieving goals (Harini et al., 2023).

METHOD

The qualitative method was utilized as the approach in this research. A qualitative method is an approach aimed at observing a phenomenon propelled by a general question first, while simultaneously giving space for more detailed questions (Semiawan, 2010). The qualitative method has five different narration research (Creswell & Creswell, 2018). One of them is phenomenology, a philosophical approach to exploring human experiences (Hadi & Asrori, 2021). Phenomenology is used to narrate the experiences of the two small retailers of second-hand clothes at Jamblang Traditional Market and Nangka Traditional Market. The sample selection employed in this study utilized a non-probability sampling method with a purposive sampling approach. The study employs two key informants, both of whom are small-scale traders in used clothing. Both individuals have met the criteria for participation as key informants. The criteria for inclusion in this study include: 1) awareness of the government's import ban on used clothing; 2) a minimum of one year of experience in trading.

The qualitative research employs a data collection technique known as triangulation (observation, interview, and documentation), whereby data is gathered from multiple sources and methods. The data is divided into two different levels, primary data and secondary data. The data was then analyzed with the Miles and Huberman model and performed with the use of NVIVO 12. NVIVO 12 acted as a tool to code and differentiate the data and to generate a helpful presentation of data. The data analysis in this study is divided into three sections, namely: 1) Data Reduction; 2) Data Display; and 3) Conclusion Drawing and Verification. In the context of scientific inquiry, a research variable is defined as a condition that has been subjected to manipulation, control, or observation by the researcher in question. In the present study, the variables under consideration are imports, import policy, and the performance of small and medium-sized enterprises (SMEs) (H. M. N. Tran et al., 2024; Vagnani et al., 2024).

RESULT AND DISCUSSION

Two small retailers or SMEs of second-hand clothes, Mrs. Vivi Sumanti and Mr. Jainal Abidin shared their experiences regarding five aspects (sales revenue, distribution process, consumer traffic, profit rate, and indirect impact that determine the performances of their businesses after the implementation of Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022 (Jiang et al., 2023; Lateef & Keikhosrokiani, 2023). In this study, NVivo 12 was employed as a tool for the systematic analysis of qualitative data. The analysis process commenced with data reduction, whereby the raw data was imported into NVivo and coded into pertinent themes. Subsequently, data display was conducted through the utilisation of NVivo's visualisation features, such as mind maps and query results, to elucidate the relationships between themes and subthemes with greater clarity. The conclusion drawing and verification stage was then undertaken by reviewing the emerging themes and verifying the conclusions through data triangulation and in-depth analysis, thereby ensuring that the research findings are consistent and valid (He & Estébanez, 2023; Musyaffi et al., 2024; Q. Tran et al., 2022).

Sales Revenue

Sales revenue is the total revenue subtracted from liabilities (W, 2004). Sales revenue pointed out the gross income that the two small retailers earned. The sales revenue aspect is utilized to measure the increase, decrease, and stability of gross income. Based on the interview conducted with Mrs. Vivi Sumanti, she recounted her experiences with the decline in gross income, especially prominent at the beginning of the implementation of the regulation. Additionally, the difficulty of finding suppliers for the clothes was an added pressure experienced by her. Mr. Jainal Abidin described different takes. He did not experience any decline in gross income and believes that it is due to the fact of the affordability of prices he offered for his imported second-hand clothes.

Distribution Process

The distribution process is the second aspect used to dig deeper into the challenges experienced by the two retailers in terms of gaining the supply of imported second-hand clothes, and the anticipation method used to minimize the impacts of the challenges. At the beginning of the implementation of the regulation, Mrs. Vivi Sumanti had a slight hardship in finding available suppliers. The hardship though is not particularly unique to the enactment of the regulation, but also occurs now and then around Eid-Fitr and days before New Year. Mr. Jainal Abidin experienced similar challenges as Mrs. Vivi Sumanti. Both retailers took the same route of anticipation by adapting the kinds of second-hand clothes they are selling based on what is available from the supplier.

Consumer Traffic

The consumer traffic aspect is used to determine if there is any decrease or increase in potential consumer traffic after the implementation of the regulation. This aspect is measured by observation and interviews with both retailers. The observation conducted from the middle of December 2023 until the end of January 2024 found stability in consumer traffic and there is a

Profit Rate

Indirect Impacts

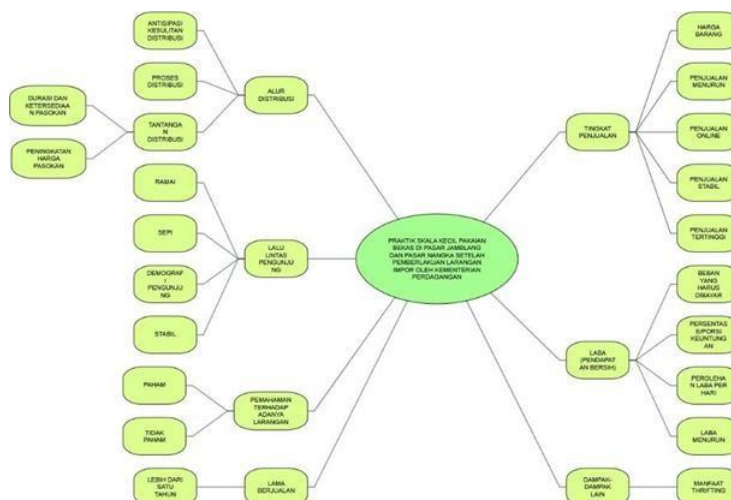
Word Frequency Order

Figure 1. Word Frequency Order conducted via NVIVO 12

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Mind Map

Figure 2. Mind Map conducted via NVIVO 12



The mind map results above are compiled in the NVIVO 12 application based on the coding activities that have been carried out. Coding activities provide a clear picture of the themes that emerge in the data that has been collected (interview transcripts and observation notes). Based on the mind map above, the main themes in the research related to SMEs of second-hand clothes at Jamblang Traditional Market and Nangka Traditional Market after the implementation of regulations prohibiting imports of second-hand clothing from the Ministry of Trade are divided into five major aspects in regards to measuring performance namely, sales revenue, profit rate, distribution process, consumer traffic, and indirect aspects (Espina-Romero et al., 2024; Vu et al., 2024). Two other aspects included set criteria for the eligibility of the retailers' participation in the research. All of the major aspects are then divided into several sub-aspects that are found in the interview and observation process. The first aspect, sales revenue, is divided into several sub-, namely price of goods, declining sales, online sales, stable sales, and highest sales. The second aspect, the distribution process, is divided into several sub-aspects, namely anticipation of distribution difficulties, distribution process, and challenges found in distribution. The distribution challenges sub-aspect is divided into duration and availability of supply and increasing supply prices. The third aspect, consumer traffic, is divided into several different sub-aspects, including busy, quiet, stable, and visitor demographics. The fourth aspect, profit rate, is divided into several different sub-aspects, including expenses to be paid, percentage/profit gain, profit earned per day, and decreasing profits. The fifth aspect, indirect impacts, has one sub-aspect, namely the benefits of thrifting. The sixth and seventh aspects are the duration of business operation and understanding of the Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022.

CONCLUSION

The research elucidates how the implementation of the Regulation of the Minister of Trade of the Republic of Indonesia No. 40 of 2022 does not have a significant impact on the five aspects mentioned above. The sales revenue proved to experience a decrease only at the beginning of the implementation and at the height of the burning of imported second-hand clothes acted by the Ministry of Trade of Indonesia. The lack of supply because of the regulation hindered both retailers, but it has gotten better and coming back to a normal state. The profit rate was low but it did not stay long. The benefits are found from the point-of-view of sellers and purchasers of imported second-hand clothes. From the sellers' side, the activity of selling imported second-hand clothes has proven to be profitable compared to other goods. From the purchasers' side, the imported second-hand clothes give them access to better quality clothes at low-cost rates. The findings of this study are anticipated to inform the formulation of revised policies by the Indonesian Ministry of Trade pertaining to the importation of used goods. Furthermore, this research is anticipated to contribute to the advancement of scientific knowledge, particularly within the domains of the import-export industry and environmental concerns in business operations. The present study is limited by the relatively small number of informants and the narrow geographical scope of their representation. It is therefore recommended that further research should be conducted with a larger number of informants and a more extensive research sample. We would like to express our gratitude to all those who have provided us with support, both moral and material. In particular, we would like to express our gratitude to the Institut Bisnis dan Informatika Kwik Kian Gie, our esteemed campus.

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