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ISLAMIC BUSINESS DEVELOPMENT OF ETHNIC BASED GROCERY STORE : STUDY FROM INDONESIA

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ABSTRACT

This article discusses the transformation strategy in business ventures carried out by a Traditional ethnic-Muslim entrepreneurs in Indonesian central city, amidst the pressures of a modern business competition climate. Using qualitative methods with exploratory approach, data was collected from the ethnic grocery store (EGS) owners and carers through observation and in-depth interviews with key informants and supplemented with the required secondary data. The purpose of this paper is to explain the factors that encourage the survival and development of the ethnic grocery store, namely the provision of services throughout the day that open access for customers, the strong relationships and networks between fellow ethnic who are engaged in the same field (grocery store) and the existence practice client patron relationship with a mutually beneficial payroll system. This payroll system has in fact caused a shift in business actors from being laborers to business owners. This success turned out to be the core of the survival and development of the ethnic based grocery store business by transforming the strategy from the conventional way to the new way. The imitation of the modern shop business model carried out by the EGS entrepreneur is a form of adaptation strategy in competing in the world of free trade in the metropolitan city.

Keywords: Survival Strategy Transformation, Islamic Business Development, Ethnic Grocery Store

1. INTRODUCTION

In recent decades the number of ethnic based grocery store (EGS) in Indonesia has increased significantly (Indonesian Data Statistic, 2019). One that is widely discussed is Toko Kelontong Madura (TKM) which is Grocery Stores or shops owned by the Madurese, a city in Indonesia that has a thick culture. The socio-cultural dynamics in economic activity in ethnic grocer communities such as Madura contain a certain value, especially in the religious and cultural elements that they have. Management of Islamic business also provides an understanding of sustenance that will not be exchanged and has been arranged by God, in fact it is no longer used as a dogma in carrying out mobility. (Wafiruddaroin & Rezeky, 2022)

The increase in the number of EGS can be seen from the number of EGS which reaches thousands with a turnover of billions of rupiah per month. The existence of EGS in Indonesia, especially in the capital city, Jakarta, can be seen as an expanding business which connected one another as an ethnic-based business force with a high level of solidarity (Ram *et al*, 1999). An ethnic store is defined as one that sells mostly culturally specific products or goods (Yi *et al*, 2020)

At the same time, EGS allegedly plays a role as a mini-retail authority in the capital city and continues to receive government policy attention to continue to progress and develop because EGS is part of the Small and Medium Enterprises Community (MSMEs). The increase in the number of EGS also contributes to economic growth because it is an important part of fulfilling people's living needs because it has a variety of products and easy-to-reach locations (ekon.go.id). the existence of traditional grocery stores also shows the ability to survive and develop amid the pressure of modern shops and modern business competition in the metropolitan city.

So far, the general trend of research that has been conducted on the grocery business can be mapped on three aspects. First, grocery stores are discussed in terms of pressure from other parties that drive their success or collapse. Second, the issue of access to capital which is the basis for the initiative and management of grocery stores in big cities has also become an important concern. Furthermore, the third is that the researchers have discussed how the store development strategy model grocery has become an important issue in business development discussions during the Covid-19 pandemic. Meanwhile, the transformation aspect of the ethnic-based grocery store business development strategy has never been discussed in the context of business development in metropolitan cities. This research will later provide the benefit of additional knowledge related to client-patron relationships and the development of ethnic based grocery stores with Islamic principles.

The purpose of this paper is to seek three main things. First, the characteristics of EGS businesses in Jakarta as a metropolitan city. Second, the business network of EGS entrepreneurs in Indonesia. And last, the client-patron relationship involving EGS businesses in Jakarta. The collected data is analyzed by looking at aspects of the survival and development of EGS in Jakarta and how the results of this study provide opportunities for solutions to ethnic-based populist economic development strategies.

The hypothesis raised in this study is that the sustainability and development of EGS can be a trend that has the potential to be a solution to solving economic problems in Indonesia. The arguments underlying this paper in detail can be described in three formulations. First, the EGS business has succeeded in proving itself to survive and even develop with the support of providing maximum service with a duration of the whole day so as to be able to open access for customers openly. Second, there is a strong and binding relationship and network between fellow entrepreneurs who come from identical ethnicity who are engaged in the same field (grocery store). Third, the behavior of the client-patron relationship, which is framed by ethnic emotional relations, has been able to give confidence to the parent company to fully delegate its employees. Furthermore, the three arguments are analyzed from the perspective of Islamic economics to strengthen and harmonize the work ethic of the Madurese who are known to be strong with the principles of Islamic sharia.

This research is a development of previous research by Yi et al (2020) which analyzed the shopping patterns for food from one of the largest immigrant groups who have certain ethnic characteristics. Another research was conducted by Wafiruddaroin & Rezeky, 2022 regarding mechanisms for maintaining the existence and solidarity of ethnic traders in the context of urban life. This research will refine both of these studies by focusing on business strategies run by ethnic-based grocery stores in urban cities in Indonesia.

2. LITERATURE REVIEW

2.1. Traders and Trading

Trade is an activity of exchanging goods or services based on a mutual agreement (Shekhar 2013; Garidzirai 2022). Traders in the trading context of Javanese society can be categorized based on how they sell and the amount of goods they sell (Ellen and Alexander 1989). In line with this, in the concept of The Trades put forward by Jennifer Alexander all traders, both male and female, are referred to as baskets. In this case, a basket is someone who sells merchandise obtained from agents/middlemen in small quantities. At the same time, the term “juragan” or skipper is a seller who sells his wares in large quantities. Juragan has a lot of finances and sells on a large scale rather than baskets. Juragan here is a seller who buys directly from farmers or commonly referred to as middlemen or slashers. The middleman buys seasonally in large quantities and pays in cash, while the slasher is someone who buys and pays after the product has been successfully resold (Megasari, 2019). At the same time the agent's role is as a broker or you can say a middleman skipper who has stable relationships with suppliers and distributors (Medin 2021; Gama, Widodo, and Hariyanto 2018).

In the marketing structure system, it is based on the patron-client relationship, where this relationship is vertical. Patron-client interaction involves instrumental friendship between superior and inferior, in which the inferior party suffers a lot (Carrier, 2018). Scott (1972) shows that the characteristics of the patron-client relationship are; (1) Due to the ownership of economic resources that are not balanced, (2) There is a relationship of reciprocity, (3) a relationship of loyalty, (4) Personal Relations. This is evident, for example, in the patron-client relationship between entrepreneurs and furniture workers. In this case the patron has an obligation to provide economic protection to his client, while the client provides feedback by providing all resources to the patron, in this case it is done by working and fully serving the patron (Anisrawati, et al 2018).

This Patron-Client can be seen from the Employer providing protection, and the worker reciprocating by serving his boss and always carrying out his orders. This exchange is intended to gain profits from sales, and workers receive economic protection from their superiors when in trouble (Rokmah & Pambudi, 2015). There are several factors for clients to survive in this patron-client relationship system, namely (1) low risk of business failure, (2) difficulty getting a strategic business location, (3) inadequate profits when opening their own business. This furniture business still exists because in the development of the patron client cycle it is still used where the party previously in the client's position adopted the patron's way of working and made his own business with the same system (Anisrawati et al, 2018 ; Schroeder, 2016).

2.2. Business Survival Strategy

The business continuity strategy is related to the existence of relationships between business actors. In this case, it can be seen in the structure shown by Ellen & Alexander (1989) that in doing business one trader has a relationship with other traders. In line with this, Jennifer shows that in this structure, production goods go through several hands until they reach the hands of consumers, where this also has implications for increasing product prices in the hands of consumers. At the same time, producers are positioned as owners who do not have the power to determine the price of their products, which means that the price is determined by the middleman. However, the strategy for the continuity of this business has changed along with the

existence of the Internet of Thing present in the trading system in society (Palmaccio et al, 2021). The presence of the Internet is a platform to provide new opportunities for producers to reach target consumers (Chan, 2015). This is in line with several studies which state that the internet and social media have become a bridge for business actors "without a place" to gain market share and determine the price of their production goods (Permana & Cendana, 2019). In this case it can be concluded that the strength of a business sustainability strategy is rooted in the ability to adapt.

Business continuity strategy also has meaning as the various different strategies and tactics that business owners use to provide the best chance for their business to survive. The strategy to survive in business will often change depending on the dynamics of the business. Naidoo (2010) mentions ways to maintain a business or trade, namely: (1) diversification (offering various types of products according to customer needs and demands); (2) increasing revenue (introducing new products, developing new markets or innovating); (3) cutting costs (evaluating business production costs that can be minimized); and (4) focusing on marketing and target markets and (5) increasing cash flow. In line with that, Gama et al (2018) stated that there are several things that businesses or traders pay attention to in terms of survival strategies, namely: (1) financial capital; (2) physical capital; (3) ecological capital; (4) human capital and (5) social capital. Then, research by Gama et al (2018) shows interesting things about the strategy of surviving traders by using social capital such as social norms, social networks and trust. In this case, strategy is very important for anyone to survive, especially to maintain business continuity in the midst of fairly tight business competition.

2.3. Islamic Business Development

Islamic business activities, especially in Indonesia, are influenced by the growing Islamic economic ecosystem. The Islamic economy in Indonesia has gradually developed over the years and in a few years it is expected to become the largest Islamic economy in the world. This is supported by a very large market and the real sector of the Islamic economy which has been running well according to sharia rules. As exemplified by the Prophet Muhammad SAW, Muslim society has ethics in doing business. This includes being honest, trustworthy, providing good goods, etc.

Business development is characterized as profitable company growth; goods or services develop and focus on a specific target market. In line with that, Zhao, Xue, Khan, & Khatib (2021) say that business development is a process of developing a business beyond its current state. Business expansion is influenced by three basic elements, namely: markets, consumers and relationships or relationships. Then, Paulraj (2019) said that business development is a process of continuously improving communication, public relations, sales and marketing and still succeeding in becoming the market choice with existing products or new products. Business development is usually related to ideas, initiatives and activities that make the business better. This includes increasing revenue, growth in terms of business expansion, increasing profitability by building strategic partnerships and making strategic business decisions. Chiarini, Belvedere, & Grando (2020) then mentions that there are several things that need to be considered in developing a business, namely: (1) networking (network; referrals (referrals)); (2) sponsorships and advertising (advertising); (3) leadership and advertising content marketing (leadership and content marketing), business development has the task of seeking large-scale results

in a short time and planning long-term strategies or tactics to develop the company (Minonne & Turner, 2012 ; Farih, 2016 ; Yanto et al, 2021)

Business development can also be carried out with a patron-client system between capital owners and workers. This system is a form of socio-economic relations in society to reduce the risk of unstable employment and income (Lukiyanto et al, 2018 ; Tahir & Umar, 2008). Patron client relationships are considered as the most effective solution to ensure the fulfillment of economic and social needs. One of the patron-client relationships that has lasted until now is the relationship between poultry farmers in other small city in Indonesia. The presence of social insurance in patron clients is very important because of the uncertainty in getting the desired results and the capital required for production. The patron-client relationship with traditional poultry farmers is a social innovation that has survived despite its more modern appearance. For traditional societies, the patron-client relationship is an alternative that is seen as more effective and efficient (Aida et al, 2020). The relationship is reciprocal where both parties benefit from each other, which strengthens their bond. In addition, in Javanese society there is a pattern of relationship between boss (patron) - farmer (client) relationship which is a business pattern formed based on Javanese culture of mutual help between communities which has proven to be effectively used for business development in rural communities (Lukiyanto et al, 2018).

3. METHODOLOGY

This study uses a qualitative approach by highlighting the transformation of strategies for developing EGS in metropolitan cities. In addition, data on the development of EGS are used in metropolitan cities based on Madurese ethnicity. (Sulistyo, 2020) The overall results of this data have become evidence that illustrates that the development of the EGS business in Jakarta is inseparable from the transformation of the strategy used by the Madurese community in the Metropolitan City, including the relations between employees and EGS owners (Susilo et al, 2021). The phenomenon of EGS in Jakarta was chosen because Jakarta as a metropolitan city is a place for free economic actors to contest. This paper is very important as a miniature of traditional economic actors who survive in metropolitan cities. EGS has a strategic transformation in developing its business in the metropolitan city. The transformation of this strategy is even more interesting when associated with an ethnicity.

This research involves EGS activists in Jakarta which include EGS owners and employees who are the main actors in various EGS business activities. This research begins with a desk-review to map related issues in the relevant literature. A series of observations were conducted in May 2021 to test interview guideline items that will be used in in-depth interviews with respondents. The interviews were carried out for 3 months involving several informants representing several elements, namely: First, a pure employee of EGS, namely an employee who is only a caretaker of a EGS, but has been given a full mandate to manage EGS. Second, namely employees who are also EGS owners. Third, EGS customers who directly feel the presence and interact directly with EGS. The five EGS owners who did not take part in guarding the EGS because they had handed over the EGS to the guards. To enrich the data, data is also taken from online either in the form of YouTube or online media related to EGS in Jakarta.

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The data that has been collected then analyzed using Huberman's (1990) analysis technique. There are some stages in Huberman's analysis technique which is data reduction, data display, and data verification. The data that has been collected is selected and sorted by data related to the research. Furthermore, the data is displayed in the form of tables and narrative excerpts while maintaining the originality of the data. Data verification is done by triangulating with data sources. The data that has been structured is then analyzed using restatement, description, and interpretation methods. The restatement was carried out by re-quoting the informant's statements in the form of interview excerpts to present the point of view of the EGS perpetrators. The description is carried out by mapping the pattern of EGS actors' strategic transformation tendencies. The interpretation process is carried out by providing meaning to the business development strategy by EGS which is carried out by means of content analysis. All of these stages become the basis for concluding research results.

4. DISCUSSION AND RESULTS

4.1. Characteristics of Ethnical Grocery Stores in Indonesia

As one of the ethnic groups that has a strong identity in Indonesia, the Madurese usually have many characteristics that are different from other ethnic groups, including in business strategy. As caution in managing limited resources often emerges in entrepreneurial ethnography, especially in characterizing certain ethnic behaviors (Anderson *et al*, 2019). The research data shows that grocery stores owned by shopkeepers from the Madurese ethnicity have 24-hour service hours using a guard with a shift system. From morning to noon it is guarded by the owner's wife, while the men buy stock at the agent's shop. From noon to night, the men who own the EGS shop guard the shop. This system is implemented if a EGS is fully managed by the owner's family, but if it involves outsiders or employs employees, then there needs to be a special schedule between the employee and the shop owner both for shop maintenance and purchasing stock of goods sold in the store.

The grocery store never closes and knows no holidays. The non-stop operating system is intended to provide the best service for customers, because customers can shop at the store even in the middle of the night. Even though there weren't many items sold at that time, according to custom, if it's open 24 hours, the sales turnover can be maximized. In addition, a 24-hour system is implemented because EGS is usually small and there are many items sold that are displayed on the outside of the store, making it difficult if you have to open and close the shop.

Not only non-stop service time is needed to increase customer satisfaction, but also speed in serving customers even though it's late at night. Service is number one that will make customers feel at home and comfortable shopping at EGS. The service at midnight should be as good as during the day or morning. Some shops are even busier after late at night because they are located on the main axis road as a route for customers coming home late at night from work.

In addition, EGS also sells goods with a competitive price system. According to the informant, the standard for determining prices in grocery stores varies, namely the selling price margin is around 10%, but there are up to 15% for goods that are difficult to sell. With such a system, this grocery store is not afraid to even be happy to be around or near a modern store. As stated by the informant, the prices they charge are definitely cheaper than modern shops, especially the price of basic necessities. From observations made on price comparisons in grocery stores and modern stores, there are indeed some items that are the same but have different or cheaper prices in

grocery stores. Indeed, in plain view, it will be cheaper at the grocery store because there are some differences such as there are some bills to modern stores, different lighting conditions. However, according to the informant, customers usually look for lower prices, because customers in the capital city want fast service and lower prices. They are less concerned with the shopping atmosphere of the existing stores, let alone only wanting to buy one or two items of goods such as oil and rice.

The decision-making in taking reasonable profits by EGS is in accordance with Islamic principles which recommend that traders not take profits excessively. Where the 10% margin of the selling price taken by EGS is in accordance with the opinion of Imam Al Ghazali who provides a limit ranging from 5% to 10% in terms of taking profits, because taking/gaining profits beyond fairness includes tyrannical acts, even without being accompanied by fraud (Iis Aisiah et.al, 2017). From Al-Ghazali's point of view, it can be concluded that taking reasonable profits is part of the seller's honesty in running a business.

Furthermore, the characteristics of EGS are the completeness of items from all materials for primary or secondary needs. There are some EGS that provide all customer needs such as cosmetics, fuel, LPG, and so on. If there is an item that a buyer asks for and it turns out that the item is not available, it will be recorded immediately and will be held as soon as possible. EGS usually has regular customers such as the local community and street vendors. The appearance of EGS is usually easy to recognize. The shop is small, and the goods are many. However, almost a number of EGS highlight the characteristics of being Madurese, or usually given a rather large sickle as a sign that the shop belongs to Madurese.

4.2. Ethnic Based Merchant Network

The distribution of shops that are interconnected with each other is an important feature of the Ethnic-based Grocery Store. Store locations that are close to where residents gather, either permanent homes or boarding houses, provide an advantage for business development. In almost all neighborhood neighborhood locations in Jakarta there are EGS. EGS may be established in every neighborhood unit, but not in the same gang. The informant also stated that the existence of a new grocery store cannot be separated from the existence of the old store. It was agreed that the minimum distance is around 3-4 electricity poles, or more specifically about 500 m between EGS.

Besides that, Madurese people avoid setting up a grocery store in a location where there are shops of other ethnicities, such as the Batak and the Kuningan people. This was done to avoid physical and non-physical contact. Usually the Batak ethnicity is in terms of physical contact while the Kuningan people are in terms of non-physical contact. According to the informant, the location of the shop is in a strategic position, such as at the entrance to the alley. Regarding the size of the store is not a problem, what matters is how much turnover the store generates. Is it 4 million per day, 5 million per day or maybe only one million per day. Usually a strategic location determines the acquisition of maximum turnover. Regarding buildings there are no specific standards, but in general the minimum area is 3x3 meters.

In addition to store locations, kinship or friendship-based ties are also an important element in EGS business development. The existence of the shop is grouped based on the ethnical icon that appears in the use of the shop name. From the name of this shop, it will show emotional ties and help each other because they feel they come from Madura who have a sense of brotherhood.

Known as a hard-work ethic, the Madurese are also known to have a high sense of brotherhood among Madurese wherever they migrate. This is in accordance with Islamic teachings in building brotherhood between Moslems. There are so many Islamic teachings that instruct its followers to do good to others, improve relationships with others, care for and love others, are prohibited from breaking solidarity, and even Islam teaches its followers to love others as they love themselves. Besides these commands, Islamic teachings also instruct its followers to carry out certain rituals or acts of worship as proof of devotion to Allah. Among these rituals are related to social actions (Kamiruddin, 2006).

In applying a sense of ethnic-based brotherhood, it provides security guarantees for EGS managers so that they have a stake in the development of the shop. Locations that are relatively close and emotionally related to the same ethnicity have been proven to be able to provide security guarantees for store owners and operations. In addition, it also has an impact on store development, because they help each other and exchange information that is useful for store development. Like a cheap wholesaler for certain items. The adjacent position also guarantees the safety of the existing stores. They shopkeepers take care of each other. There are several modes of contact that are usually established, such as the model of social gathering, columns and other routine informal meetings.

4.3. Client Patron Relationship Behavior between Employees and EGS Owners

In general, almost all ethnic-based grocery store in Jakarta are directly guarded or operated by their owners. The data also shows that there are EGS that are looked after by other people as employees. EGS which is guarded by employees, then the full delegation of management of EGS is left to the guard by the owner. So that the guard will be fully responsible for the grocery store starting with selling the goods in the store, buying stock if it runs out, and is obliged to set aside around 10% of the store's daily turnover. Meanwhile, the owner remains in charge of controlling the running of the shop.

At the beginning of the work contract, a cash register is usually carried out to calculate all items complete with their prices. Then every day will be written how many results he got. So usually once a month a control is carried out either by the owner or a representative of the shop owner. Trust by the owner to the guards is very high and it is well looked after by the guards. The caretaker will run the shop as if it were his own, even more careful because it belongs to someone else.

Maximum compensation received by employees because all employee needs can be taken from EGS. Food and drink needs as well as anything needed by employees are met from goods sold in stores. However, what is important to remember is that at the end of the work contract, if there is a loss, it will be the responsibility of the employee, but on the other hand, if there is a difference with the initial capital, then it will be shared in half with the EGS owner.

Maximum compensation for workers will make the relationship between workers and shop owners like a partnership contract. The salary given to employees is a percentage of the turnover obtained by the shop with a formula of 10% of the month-end turnover will be divided equally between the owner and the shopkeeper. The informant stated that at the end of each store closing, the income for that day would be calculated. For example, getting 5 million, then 10% of the 5 million will be saved. While the rest will be managed for the purchase of stock of goods for resale. Income savings of 5% every day after 30 days for a month will be used to cover

operational costs in the form of electricity and space rent, then the remaining savings are divided in half between the keeper and the shop owner as income.

The cost of basic necessities such as food and drink for the shopkeeper is guaranteed by the shop owner. Even before going to the shop location, transportation from the shop keeper's house to the shop location was guaranteed by the shop owner. Workers or shopkeepers at ethnic based grocery stores like Toko Kelontong Madura (TKM) are usually given full authority to manage the shop. If the employee wants a part of his salary to be invested as store capital, then there will be a large difference in capital at the end of the contract period. Thus the relationship between the keeper and the owner develops a mutual symbiosis, where the keeper feels that the progress of the shop will return to the shop keeper, not just to the shop owner. So that the shopkeepers are enthusiastic in advancing the shop. Because whatever happens in the store will return to the shop keeper (Erwan, Zainuri, Mansur).

If you look more closely at the delegation given in full by the owner of the EGS to the guards, it certainly departs from the basis of a high sense of trust in fellow ethnic Madurese. The shop owner gives full trust to the guard because he believes and believes the guard will carry out his responsibilities in a trustful manner. Islam provides information about the importance of trust when someone is given responsibility. Like one of the hadiths narrated by Imam Ahmad.

Meaning: *"The faith of someone who is not trustworthy, and the religion of someone who does not fulfill his promise is imperfect" (HR. Ahmad)*

Furthermore, the hadith narrated by Abu Hurairah regarding people who waste trust.

Meaning: *From Abu Hurairah stated that the Messenger of Allah said: "If the mandate has been wasted, just wait for the destruction to occur." Then there was a friend who asked, "What is the meaning of the mandate being wasted, O Messenger of Allah?" He replied, "If matters are not left to experts, then wait for the destruction." (Narrated by Bukhari).*

Departing from the basis of the hadith above, it becomes an obligation for EGS guards who are entrusted with maintaining and carrying out EGS operations in a full and trustworthy manner so that no other party is harmed. The long-term impact of the results of full trust by EGS owners and responsibilities carried out in a trustworthy manner by caretakers, results in long-term partnerships in which EGS owners carry out business land development through franchising (shops through a client patron network).

The shop system is one of the reasons for the increase in ethnic based stores. shop keepers will have/buy a new location and try to have their own shop because they feel they have good capital experience as social capital. A guard is used to managing shops and economic capital (money). The shopkeeper will get two capital as a foundation to build a new grocery store. The two capitals are first, social capital, such as experience in managing a store, store development management, good relations with agents and customers. The second is economic capital, namely the relatively large maximum compensation that allows shopkeepers to build new stores, which is similar to a store development model such as a franchise. The new shop will be easy to develop both in terms of quality and quantity. From the grocery store system used by the Madurese, it will be possible for them to survive and develop anywhere, including in metropolises like Jakarta.

4.4. Development Strategy of Ethnic Based Grocery Store in Metropolitan City

The survival and development of ethnic-based grocery store in Jakarta is due to the transformation of the strategy which is translated into three factors, namely: First, the ethnic-based grocery store business has succeeded in proving itself to survive and even develop with the support of providing maximum service with a duration of 24 hours so as to be able to open access for customers openly. Second, there is a strong and binding relationship and network between fellow entrepreneurs who come from same ethnicity and engaged in the same field (grocery store). Third, the behavior of the client-patron relationship which is framed by ethnic emotional relations has been able to give confidence to the parent company to fully delegate its employees.



This research shows that EGS business actors in metropolitan cities have implemented adaptation strategies to respond to modern market demands in the free trade era. (Azizah et al, 2018; Ilman Naafi'a, 2021; Irianto 2014; Rusdianti & Sukaayat, 2021) The transformation of modern business strategy is carried out by transforming from the old strategy to a modern strategy to adapt to the demands of the business environment in which they operate. his efforts. (Gomes et al, 2019; Karpunina et al, 2020; Zoppelletto et al, 2020 ; Latukha et al, 2020). In this case, it can be concluded that the strength of the EGS sustainability strategy in metropolitan cities is rooted in the ability to adapt. Likewise, the EGS business continuity strategy is related to the existence of relationships between business actors, namely EGS actors who are ethnic Madurese (Ellen & Alexander, 1989 ; Palmaccio et al, 2021 ; Permana & Cendana, 2019).

The transformation of the grocery store actors' strategy from the old strategy to the new strategy resulted in Survive and the development of the grocery store business as an ethnic-based business that would increase both in quantity and quality. The EGS transformation also causes changes/shifts quickly, that is, within 1-2 years a customer can change to become the owner of a EGS in Jakarta. The strategic transformation is also supported by the intelligence of the Madurese in running a business as a response to the pressures of business competition they face.

Transformation made by EGS traders is not only in business strategy. Several studies also state that the phenomenon of survival and development of a business has occurred at all levels of business, including the retail business. In addition, there are several activities that require survival and development because of the same tendency, namely pressure from third parties that forces a business activity to survive and develop in response to this pressure (Latukha et al, 2020).

However, there are things that are different from this research, namely in two respects. First, businesses that survive and develop come to those who usually do the emphasis. This EGS pro-actively approached the source of pressure. As newcomers, of course EGS has prepared capital, both social capital and economic capital, in order to survive and develop. Second, the contestation of the competition is not in the ethnic

landlord but in a metropolitan city. Third, this study directly links the transformation of the EGS strategy in an Islamic economic perspective which shows that the implementation of the EGS strategy in accordance with Islamic principles can also compete with modern shops even in metropolitan cities, thus research clearly shows that EGS actors run a business in a different way from EGS traders in general, namely by being **g**ctive, innovative and taking the ball into the business competition arena. (Moraes et al. 2020; Sánchez et al. 2019)(Keleş, Büyükgüzel, and Büyükgüzel 2021; Moraes et al. 2020; Oonincx et al. 2015; Sánchez et al. 2019; Vasconcelos et al. 2017).

This study wants to provide input to several ethnic-based traditional shop activists in order to survive and develop to carry out a strategic transformation from the old way to the new way as a form of adaptation to pressure or dynamic changes in demands. The owner of the Ethnic-based Grocery Store needs to continue to innovate by continuing to strive to develop business ventures by utilizing all existing potential, responding quickly to opportunities and challenges, as well as transforming the position from shopkeeper to shop owner. The government should also provide support in the form of access to capital as economic capital for the development of EGS by creating shop owners instead of always being shop workers. Besides that, intensive coaching should be carried out for EGS to minimize the potential for conflict both between ethnic Madurese and with other ethnicities.

The business transformation model carried out by Madurese Muslims imitates the Prophet's business model even though they do not master the theory of this model. But because religious values have been embedded in them so that in doing business they apply honest, communicative behavior to create human relations, build a high sense of brotherhood on the basis of fellow Madurese ethnicity and are trustworthy if given trust so that their business survives and is in demand by many customers and makes a profit, not too much and spending a lot of infaq and shadaqah because what is expected is not only profit but blessings in running a business.

6. CONCLUSION

The phenomenon of Ethnic-based Grocery Store (EGS) in Jakarta has shown that the ability to transform strategy is a key to the success of developing an ethnic-based grocery business. EGS owners have been able to survive and even develop their business by imitating modern shops as a form of strategy adaptation in competing in the world of free trade in metropolitan cities. Besides that, this ethnic-based grocery store also **13**nsforms from a caretaker/worker to an owner/lord of a business by cultivating **social capital and economic capital in the form of capital and** experience as well as the behavior of Islamic values such as being honest, communicative and trustworthy in running a business.

This research has confirmed the previous concept that a business can survive and develop if it gets good pressure from other business actors. However, EGS can survive and develop rapidly because it has adapted to this pressure. This adaptation is then also honed by ethnic-based business by bringing out the best competencies both in the mental and business intelligence fields. Furthermore, this research also provides an illustration that in running ethnic-based businesses that are in accordance with Islamic principles, they can compete with other businesses even in metropolitan cities. This researcher also disputes the previous finding that the existence of a modern shop will kill the (simple) grocery store, but the opposite things happened. EGS in Indonesian Capital City actually survive and develop rapidly. This research also

contributes a new point of view that ethnicity is the leverage for survival and the development of a business venture, even in metropolitan cities.

This research is limited to a number of things, namely: first, a small sample which is limited to the operators of ethnical grocery stores in part of Jakarta which was the capital city of Indonesia. So that it has not been able to fully describe the existence of ethnic-based grocery store in the metropolitan city as a whole. Second, this study uses an abnormal condition which held during the pandemic. Third, this research is limited to one case, namely strategic transformation as a form of EGS adaptation. From the limitations above, it is necessary to find why ethnic-based grocery store is targeting/interested in the capital city, not other cities.

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