

# The Urgent Access of Code of Conduct on Preserving Traditional Markets

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**Abstract.** It is challenging to form a thriving market community environment without normative and operational values that are measured formally and informally. Since the written and unwritten rules and mechanisms of coordination require compliance, continuous obedience without stopping and without exception have to be done. Unfortunately, the value of benefits is significantly reducing transaction costs, negative externality, asymmetric information to overcome the decline in sales turnover, avoiding market failure, and preventing good governance failure. Regulators as market operators and owners of hierarchies in traditional markets must play a role in leading sectors and carry out operational missions to build social institutions based on the code of conduct formula to be internalized in the environment market, replacing a behavior of the market economy, which is capitalistic and individualistic. The code of conduct contains values of harmony, harmony, and balance provided in the market structure, including 'freedom, justice, equality, security, peace, and economic prosperity.' Functional values are referring to collective survival and social control so that livelihoods of traditional markets are maintained.

**Keywords:** *code of conduct, social audit, sustainability*

## INTRODUCTION

Sociologically, a traditional market is not only limited to aspects of the exchange of money with goods but also life choices and ways of life [1]. Some experts argued that shared order of life takes place as an ability to "organize oneself on each independent person" [2], [3], as "civil society," which founded one of any foundations on its ability. A traditional market is a public space, with the value of spatial use, and its management does not discriminate purchasing power [4], [5].

Regulation and bureaucracy are increasingly strengthened with formal regulatory systems, awareness of life in the community, and public interests subordinated by prominence on personal interests [6], [7]. Capitalistic viewpoints have resulted in exploitation, alienation, and reification.

Many rules contained to establish an institutional environment are not able to empower potential transactions because technological changes and preferences foster the new potential for increasing sales [8], [9]. One option is adapting to a less appropriate value or changing choices by changing existing institutions independently or working with the subject of other market participants. Thus, the research problem is focusing on "How the collective values (rules and norms) as a code of conduct can be a driving force of economic performance and attractiveness in the Pasar Besar, Malang."

There are ethics needed [5], [10] as environmental, and institutional elements are "rules of the game" that govern economic interactions [11]–[13] on the relationships with each other among market participants voluntarily to achieve a goal of triumphant market. The local government, through the Department of Trade which has the authority, is certainly a good and right action-role. There is no fatality in the market function to fulfill an effective and efficient nature to have a better reputation [14].

When a traditional market institution in the process of developing public interest is touched broadly, it could become a basis for the government to present and to interfere with the economy with rationality [13], [15], with a basic idea to overcome market failure. Eventually, it was an element that is still needed for the survival of an institution [16]. Existing institutional structure is incomplete, accompanied by the unpreparedness of any operator/actors carrying out work duties in a professional manner [17]. Public services contained barriers for all actors to get equal opportunities, as well as the inequality of treatment in services [18] with a high institutional cost environment [19] and bring negative social impacts. Referring to the context of this understanding, Pasar Besar Malang is a public space in which organizations, structures, and social relationships are established. Theoretically and operationally, a code of conduct, according to the law, is to fulfill with the legal system and in accordance with the moral norms [20], [21]. Therefore, the process of exchanging ethics, norms, and rules together is applied to produce a prosperous atmosphere. The code of conduct as a collective asset will create shared values [4], moreover in a market community as a social capital [22], [23], which

defines social capital as something that consists of social characteristics-structural or useful resources for some people such as specific actions and emphasizing social capital as a public good.

#### **METHOD**

This research has an approach and perspective to learn from many people in gaining an understanding according to information on sensual empirical facts, which has more to explore the meaning behind phenomenon (= noumena). It was intended to find meaning as an experiential idea [19], [20], such as by qualitative research methods for 'how the discovery on theory from data obtained and analyzed in social research can be furthered' [21], [22].

The current research study selects traditional market traders as a unit of analysis as well as actors and the sources of information. By applying this technique, the researcher would be able to get an opportunity to fully understand theories developing in the field with great attention to local conditions that have specific values (idiographic).

#### **RESULT & DISCUSSION**

A trade service has a functional hierarchy to fill a lack of social resources (capital) among market traders so the market can run smoothly. Unfortunately, this action has led to the opposite result, which causes a decline in social capital in the market. A policy of "unscrupulous" market operators with hierarchy and authority to manage the market, in fact, has acted unfairly in selling and buying practices. The authority has not acted transparently and not abode rules as they should and show less concern on traders who should be treated ad facilitated well; thus, it turned into a counterproductive result and then debited by social capital collectively. Social capital in the market becomes increasingly fragile. Its role is still not oriented to bring conditions closer, so a market becomes symmetric information and low transaction costs with high performance. Interventions in traditional markets through the trade service, in practice, have been trapped by the bondage of formalistic management and have added to distortion or contributed to new market failures (inefficiencies).

Traders who do business in the market environment are characterized by incomplete institutions facing a high institutional cost due to the opportunistic actions of market operators, transaction partners, and traders' interests. The trade office, as the representative of the local government, needs to change the mindset of inappropriate or incorrect management in traditional markets. It can also be said that the local governments fail to preserve traditional markets. Market authorities do not fully understand how to apply a strategic social capital with an investment ethic normative through enforcement on a code of conduct. A void on institu-

tional elements such as norms, values, and trust has undoubtedly influenced behavior in the market environment, which causes traders are resistant to deliberate changes.

A code of conduct is identified as living values in traditional markets with many aspects, while activities are categorized as a specific capital [23]. This code of conduct can be as psychological capital because a capacity with traders comes from personal experience. These values are also cultural capital because they refer to the market in the state of institutional dimensions. These values in a traditional market function as social capital because of the potential for these values actualized into a power-on transaction with other capital. The importance of a code of conduct in traditional markets is to be able to make a process of economic activity around the market as a "broader order of human cooperation like values, attitudes to sharing work fairly and balanced traditionally in everyday market life [1], [6], [10], [24]–[28].

A code of conduct is reciprocal, in line with the concern of meaning to the rights and obligations for all parties involved to gain a win-win solution through a particular activity. Whenever there are parties who violate this reciprocal norm, it could lead to a reduction in profits (= losses) for both parties; thus, they will get sanctions from the authorities[5], [8].

The government, as a regulator, needs an interest in taking action when the market failure occurs due to violation of code of conduct and traditional ethic spirits. There are several supports for the demand for the development of services, facilities, and, more importantly, support of institutional structures in the form of regional regulations to help traditional traders to increase their ability in capital and marketing competition (with various derivations of quality control of the market). As a regional regulation proposed to legislators and regulators [31], [32], then changes in an institutional structure have worked well so far.

#### **CONCLUSION**

According to the economic criteria, the function of the code of conduct is to meet the principles of productivity, efficiency, and effectiveness. According to the social criteria, the function is to smoothen (lubricant) and strengthen the bonds of social ties in production systems that create a condition for active exchange in information and resources. It can be postulated that the higher the value of the code of conduct, the greater the possibility to perpetuate the code of conduct as a concept of rewards and punishments. Rewards are benefits of positive behavior, while punishment is the result of negative actions. The essence of the code of conduct in contextual with value and traditional market value include:

First, a code of conduct is a medium for integration and solidarity in conventional market societies, functioning to unite groups. Second, a code of conduct as general standards about the exchange of interests with actors in the market, guided by the signs understood and agreed by actors in the market to get a balanced benefit, including more buyers, the convenience of shopping, fair retribution, and so forth. Third, a code of conduct can provide authority and legitimacy of performance for traditional market players who stand out in implementing the code of conduct. Fourth, a code of conduct opens more space for reinforcement to create a healthy business atmosphere, like establishing more productive habits.

The decline of traditional market trade can be improved through an institutionalization-code of conduct-according to the model framework as figure 1 below.

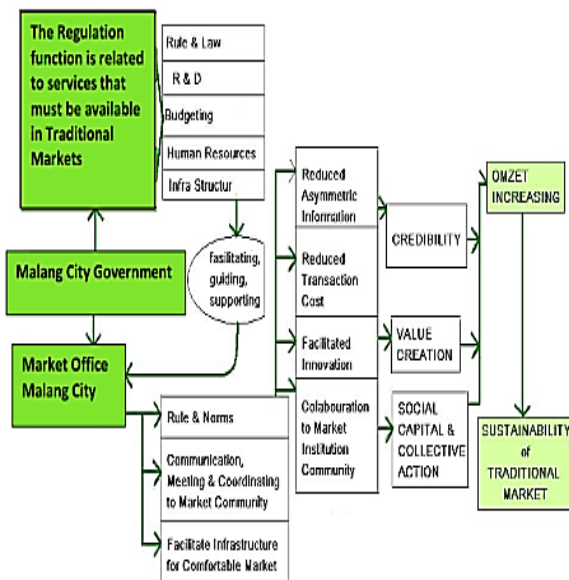


Figure 1. Theoretical construction of merchant business improvement through the institutionalization of a code of conduct in traditional markets

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