

CHAPTER I

INTRODUCTION

1.1 Background

Technological developments can affect economic activity. The existence of technology can create innovations in business actors which can cause changes and movements in market structure, conduct, and performance because innovation can affect supply and demand. Technological developments in economic activity are marked by the existence of E-commerce. E-commerce is a system that can distribute, purchase, market goods through an electronic system and can involve electronic data exchange, automatic inventory management systems and automatic data collection systems (Shiddiqi, M.H.A, 2021).

GO-FOOD is a system that belongs to E-commerce issued by PT Gojek Indonesia which is useful for helping micro and small enterprises to carry out innovations (Gojek, 2023). In reality, GO-FOOD, which is an innovation, can have a relationship with market structure, conduct, and the performance of a business. According to Wahyudi & Sari (2022), in their research GO-FOOD has a relationship to market structure, conduct, and performance of micro and small culinary business actors in Kampung Baru. Apart from that according to Putra. et. al (2017), shows how the relationship of micro and small to performance and has the result that GO-FOOD has a relationship to performance at the Bangkit and Bolu cake industry in the Pekanbaru City which can be seen in the difference in the level of profitability rate between business actors who use GO-FOOD and business actors who do not use GO-FOOD. This reality is in accordance with the SCP paradigm theory which states that technology affects market structure, and market structure can affect conduct which has a later relationship to performance (Clarke, 1986).

With the relationship between GO-FOOD and SCP, GO-FOOD also has a relationship with supply and demand in a business. According to Mankiw (2014), technology is an innovation that is useful for increasing demand and increasing supply. This is because with the existence of technology, one of which is GO-FOOD, it can reduce costs and increase profits and attract

customers. In reality, according to Athiya Rakhmawati (2023) said that in his research that the existence of GO-FOOD has a relationship to income, number of buyers, and profits. This indicates that there is a GO-FOOD relationship with increased demand and supply in a business.

The relationship between GO-FOOD and the growth of micro and small enterprises has a positive relationship and this can be felt and occurs throughout Indonesia, one of which is Padang City which is the capital of West Sumatra Province

According to the Government of the City of Padang, until now there are around 40 thousand micro and small enterprises who can have a positive impact on the economy of the City of Padang and the development of the creative economy week in the City of Padang. The increase in micro and small enterprises in the city of Padang is due to the increasing public interest in trading and becoming micro and small enterprises. The increasing number of micro and small enterprises has a positive impact on the City of Padang. With the increase in micro and small enterprises in the city of Padang, they can become the main driver of the economy in the city of Padang. This is indicated by the income of the majority of the population of Padang City coming from micro and small business income. In the city of Padang, most of them come from micro and small enterprises in the culinary field. This can be seen from the many culinary businesses that are developing and increasing in the city of Padang.

The increase in micro and small enterprises from both Indonesia and the city of Padang has its own problems. According to the Indonesian Coordinator for Economic Affairs, this pandemic has had a negative impact on 87.5% of micro and small enterprises, based on a Bank Indonesia poll conducted in March 2021. However, 12.5% of respondents stated that the pandemic had no impact on them. business, and 27.6% even claim that sales have increased (Bank Indonesia, 2022). The progress and development of the culinary business in the city of Padang also has problems that cause micro and small enterprises in the city of Padang to be unable to increase profits to the desired level to meet their daily needs and develop their business even further. This

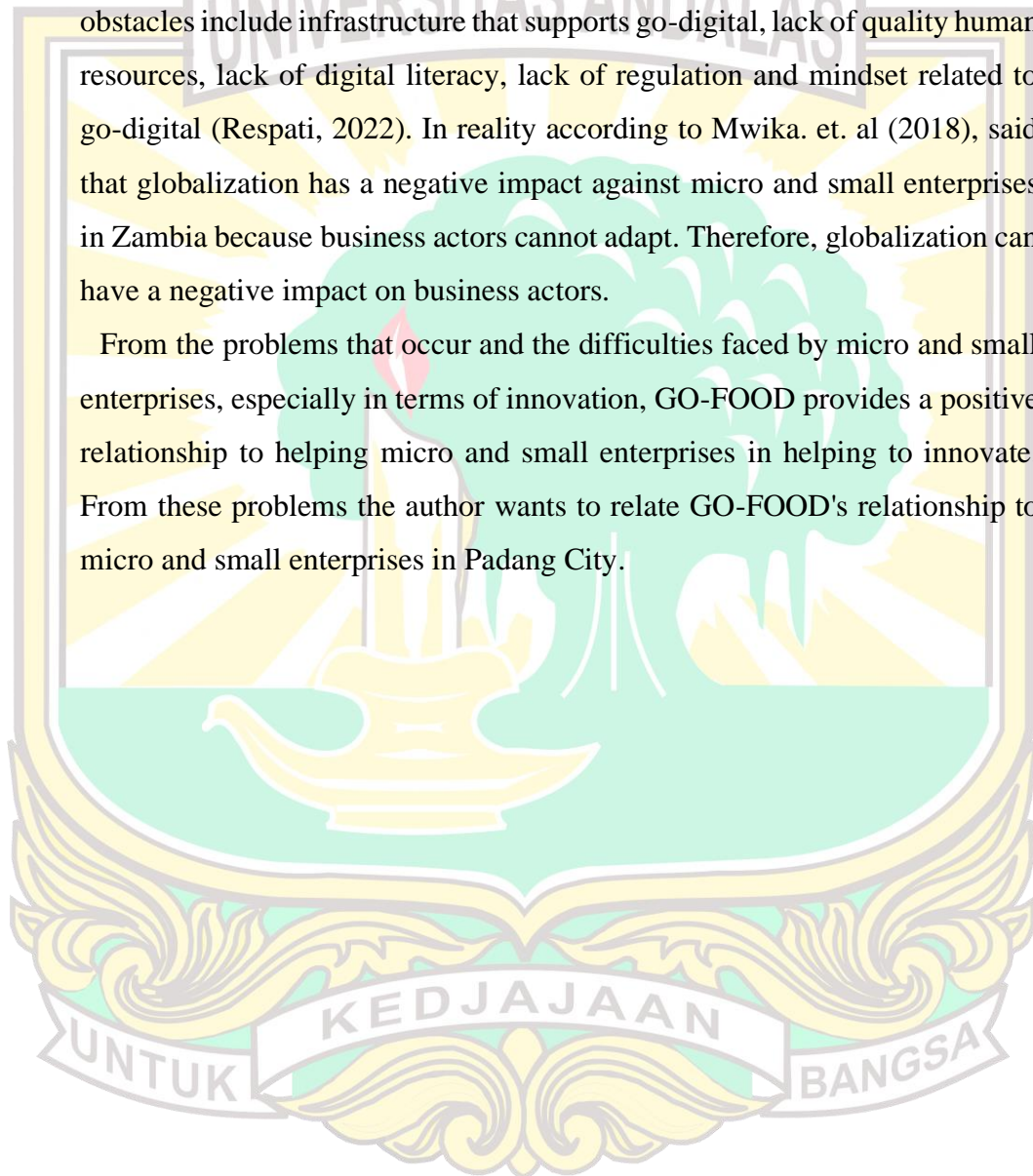
problem is a big problem in the business world. This is because profit is the goal in setting up a business. The problem of micro and small enterprises in Padang City is that they have not been able to increase profits to the desired level as a manifestation of the success and goals of micro and small enterprises due to the continued increase in micro and small enterprises, which causes competition for micro and small enterprises in the city of Padang to increase. Padang city. With so many micro and small enterprises, business actors need to have effective ways of competing to increase their income.

The importance of innovation for micro and small enterprises because the market structure for micro and small enterprises is a perfect competition market. According to Mankiw (2014), a perfectly competitive market is a market structure where there are many sellers and buyers so that the effect on prices is not too pronounced. Under the conditions of a perfect competition market structure, the market has many buyers selling the same product and makes business actors freely enter and leave the market which makes it difficult for a business actor to compete and lacks innovation in the goods sold. With the lack of innovation in goods, business actors do not develop and cannot maximize their profits. This is because innovation is an attraction for consumers who are able to increase demand and supply.

The importance of innovation is explained through exposure. According to the Padang City Cooperative and MSME Office, micro and small enterprises must have an effective marketing strategy to increase one way of selling, namely by utilizing digital technology to market their products so that their products are not well-known domestically but abroad. (Pemko Padang, 2022). Holding micro and small enterprises to market their products is the right way to increase profits. With changes in the conduct of micro and small enterprises, there will be changes in the performance of micro and small enterprises which are marked by the benefits they get. In conclusion, technology can change changes in market structure, the conduct of micro and small enterprises, as well as the performance of micro and small enterprises.

The many benefits generated by digital transformation have not fully had a positive impact on micro and small enterprises. There are still many problems related to digital transformation in micro and small enterprises. According to Bank Indonesia's Department of Development and Consumer Protection Executive Analyst Yossy Yoswara, there are a number of challenges and obstacles for micro and small enterprises to go digital. These challenges and obstacles include infrastructure that supports go-digital, lack of quality human resources, lack of digital literacy, lack of regulation and mindset related to go-digital (Respati, 2022). In reality according to Mwika. et. al (2018), said that globalization has a negative impact against micro and small enterprises in Zambia because business actors cannot adapt. Therefore, globalization can have a negative impact on business actors.

From the problems that occur and the difficulties faced by micro and small enterprises, especially in terms of innovation, GO-FOOD provides a positive relationship to helping micro and small enterprises in helping to innovate. From these problems the author wants to relate GO-FOOD's relationship to micro and small enterprises in Padang City.



1.2 Problem Formulation

1. How is the relationship between GO-FOOD and the market structure of micro and small enterprises in Padang City?
2. How is the relationship between GO-FOOD and conduct of micro and small enterprises in Padang City?
3. How is the relationship between GO-FOOD and performance of micro and small enterprises in Padang City?
4. How is the relationship between market structure and conduct to the profitability rate of micro and small enterprises in Padang City?

1.3 The Objective of Study

1. To find out the relationship between GO-FOOD and the market structure of micro and small enterprises in Padang City.
2. To find out the relationship between GO-FOOD and conduct of micro and small enterprises in Padang City.
3. To find out the relationship between GO-FOOD and performance of micro and small enterprises in Padang City.
4. To find out the relationship between market structure and conduct to the profitability rate of micro and small enterprises in Padang City

1.4 The Advantage of Study

1. For Writer

It is useful to add to the author's insight and knowledge regarding the relationship between GO-FOOD on market structure, conduct, and performance of micro and small enterprises in Padang City. As well as applying the knowledge that has been taught during the lecture process to solve existing problems.

2. For Readers

To add insight related readers the relationship between GO-FOOD on market structure, conduct, and performance of micro and small enterprises in Padang City to support micro and small enterprises profitability in Padang City. As well as useful as a reference for further research. This research is useful for developing the method used.

3. For Micro and Small Enterprises

To become a reference for micro and small enterprises business actors to switch and transform into the digital world.

4. For Government

For evaluation materials and application of appropriate regulations for the development of micro and small enterprises in Padang City.

1.5 Limitation of The Problem

This research was conducted in Padang City, West Sumatra Province because this area is the area that has the most micro and small enterprises in West Sumatra. This research examines micro, small and medium enterprises in the culinary field. This research was conducted using descriptive qualitative research by finding respondents and dividing them into two groups, namely respondents who did not use GO-FOOD and respondents who used GO-FOOD which is useful for knowing an overview regarding the relationship between GO-FOOD and market structure, conduct, and performance. In addition, this research uses cross tabulation which is useful for examining the relationship between market structure and conduct of micro and small enterprises in Padang City, West Sumatra and examines the relationship between market structure and conduct on profitability rate of micro and small enterprises in Padang City, West Sumatra.