

Etos Kerja dan Strategi Survival *Warung Madura* di Tengah Tantangan Ekonomi Digital

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Abstract

Warung Madura characterized by a simple business model and strong work ethic, have become an integral part of Indonesia's microeconomy. The rapid development of technology and digitalization, however, presents challenges for shop owners to remain relevant and competitive in an increasingly digital market. This study aims to examine the work ethic and survival strategies of Warung Madura in the context of digital transformation. A qualitative approach was employed through in-depth interviews and participant observation with four shop owners in Jember who have operated their businesses for at least one year. The findings reveal that perseverance, discipline, and quality service constitute essential capital for sustaining business operations. Although limited technological access and digital literacy remain constraints, some owners have begun utilizing social media and simple digital platforms such as WhatsApp. The study concludes that work ethic, adaptability, creativity, and digital literacy are key to ensuring the sustainability of Warung Madura

Keywords: Warung Madura, Work Ethic, Micro Business, Digital Era

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Abstrak

Warung Madura dengan karakteristik model bisnis sederhana serta etos kerja yang tinggi telah menjadi bagian penting dari struktur ekonomi mikro di Indonesia. Dinamika teknologi dan digitalisasi menuntut para pemilik warung untuk mampu beradaptasi agar tetap relevan dan memiliki daya saing, khususnya dalam konteks pasar yang mulai terintegrasi dengan platform digital. Penelitian ini bertujuan menganalisis etos kerja dan strategi bertahan Warung Madura dalam menghadapi tantangan digitalisasi. Metode penelitian yang digunakan adalah kualitatif, melalui wawancara mendalam dan observasi partisipatif terhadap empat pemilik Warung Madura di Kota Jember yang telah menjalankan usaha lebih dari satu tahun. Hasil penelitian menunjukkan bahwa nilai kerja berupa ketekunan, kedisiplinan, dan kualitas layanan menjadi modal utama dalam mempertahankan usaha. Meskipun keterbatasan literasi digital dan akses teknologi masih menjadi kendala, sebagian pemilik telah memanfaatkan media sosial dan aplikasi sederhana. Kreativitas, inovasi, etos kerja dan adaptasi digital merupakan kunci keberlanjutan usaha Warung Madura.

Kata Kunci: Warung Madura, Etos kerja, Bisnis Mikro, Era Digital

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INTRODUCTION

Indonesia is home to a population composed of diverse ethnicities, tribes, languages, religions, and races that significantly influence the nation's economic, social, and cultural activities. Each ethnic group possesses distinct values and ways of life. One of the key indicators of economic growth in Indonesia is the contribution of economic factors, not only from large corporations but also from Micro, Small, and Medium Enterprises (MSMEs). MSMEs serve as drivers of economic growth by strengthening human resource quality, creating employment opportunities, and embracing digitalization (Sarif, 2023). The role of MSMEs contributes to economic growth, job creation, and the reduction of economic and social inequalities (Vinatra, 2023).

One MSME with a unique characteristic is the *Warung Madura*. *Warung Madura* is commonly associated with small grocery stores that operate 24 hours a day. These stores sell various household necessities, or basic goods. The *Warung Madura*, also referred to as the Madura grocery store, has become a unique phenomenon in the world of retail trade in Indonesia. Recently, *Warung Madura* has gained viral attention, particularly following the Ministry of Cooperatives and MSMEs' proposed regulation to limit operating hours. The characteristic of *Warung Madura*, which operates 24 hours a day without holidays, except on doomsday, has attracted significant public interest. This phenomenon has sparked complaints from minimarket owners who feel that their businesses are being overshadowed by *Warung Madura* (online retail business). Minimarket operators have experienced a decline in sales as consumers shift their preferences to *Warung Madura*.

The presence of *Warung Madura* adds vibrancy and dynamics to the local economy. These stores began appearing in various regions about a decade ago and have since proliferated across Indonesia. In recent years, the *Warung Madura* phenomenon has expanded rapidly, especially in Jember Regency. An intriguing fact about *Warung Madura* is its ability to offer competitive prices while maintaining proximity to communities. These stores are located in residential areas, villages, and even narrow streets and alleys, making them an attractive option for the public. People find it more convenient to fulfill their daily needs at *Warung Madura* without having to travel farther to minimarkets. In terms of product variety and service, *Warung Madura* is comparable to minimarkets. They offer a wide range of daily necessities neatly and attractively arranged on their store shelves.

The presence of *Warung Madura* in Jember is perceived as a competitor, even posing a potential threat to modern retail. *Warung Madura* and modern retail appear to share a relatively similar consumer segment. In response, modern retail businesses have appealed to the government, as the authority holder, for intervention. From the perspective of modern retail, the emergence of *Warung Madura* is considered illegal. Consequently, recommendations have circulated, urging MSMEs not to operate non-stop, citing security concerns. However, this regulation lacks a clear legal foundation and enforcement mechanism. IKAPPI (Indonesian Market Traders Association) has stated that *Warung Madura*, which is widespread today, represents MSMEs actively contributing to the community. The Ministry of Cooperatives and MSMEs is expected to support the growth of MSMEs rather than limit their operational hours. The profits generated by *Warung*

Madura circulate within their local areas, driving the development of the people's economy (Puspita, 2024).

Warung Madura operators are known for their hard work, perseverance, and tirelessness. They can run their businesses 24 hours a day without taking any days off. Nearly all *Warung Madura* locations are managed by husband-and-wife teams. These couples divide their work hours themselves. Typically, the wife works from morning until evening, while the husband takes over from evening until the early hours of the morning.

In three regions, work ethics display distinct characteristics. In Indonesia, there are three ethnic groups recognized for their strong work ethic and who are commonly found migrating to various parts of the country: the Minangkabau, Madurese, and Bugis. The work ethic of the Madurese people deserves commendation. The Madurese are known for their preference for working, their strong entrepreneurial spirit, diligence, and courage in facing challenges. For the Madurese community, trade is the third most common occupation after farming and fishing. For Madurese migrants, trade is deeply embedded in their culture. This is influenced by the natural conditions of Madura, which are generally dry, prompting many Madurese to migrate in pursuit of a better life (Kurniawan & Fatmawati, 2019; Tyas & Triwahyudianto, 2019). The Madurese are well-known for their determination and perseverance in their work. They possess a high work ethic, with a never-give-up attitude. They are willing to live simply and work hard to achieve economic success. *Warung Madura* owners are willing to rest and sleep only a few hours each day. They take turns with their spouses or children in running their stores. They are committed to living simply, working hard, and striving for the success of their businesses.

The high work ethic of the Madurese people is demonstrated by their dominance in central street vendor areas, such as those around Tanjung market, Kalimantan Street, Jawa Street, Riau Street, and the Mastrip area. Street vendors in the central areas of Jember are largely dominated by the Madurese community. Madurese migrants generally do not enter the formal sector but prefer the informal sector, despite the higher work ethic required. The work ethic of *Warung Madura* owners is characterized by perseverance, resilience, and determination, with a gradual, step-by-step approach that increases productivity. Meriac et al. (2010) emphasizes that a strong work ethic plays an important role in enhancing performance. Continuous improvements are one method for increasing performance, as *Warung Madura* owners consistently upgrade the appearance of their traditional stores. The advantages of Madurese grocery stores lie in the completeness of their product offerings, competitive pricing, and easily accessible locations.

Several studies on work ethic have been conducted, including Meriac et al. (2010), who found that work ethic is associated with motivation and performance. Megawati & Ampaleng (2020) highlight that work ethic and the work environment have a positive effect on performance. Al-Shamali et al. (2021) discovered that work ethic influences commitment in facing changes in the business environment. Similarly, Hayati & Caniago (2012) found that work ethic impacts motivation and job commitment. This also applies to the work ethic of *Warung Madura* owners, which influences their commitment to running their businesses.

Work ethic is a cultural norm that governs one's responsibility toward their work, rooted in the belief that work holds intrinsic value for the individual ((Bowie & Cherrington, 1982; Yankelovich & Immerwahr, n.d.). It is also manifested in an individual's job

performance (Jex, 2002). The Multidimensional Work Ethic Profile (MWEP) delineates seven dimensions of work ethic: autonomy, morality/ethics, leisure, diligence, the centrality of work, wasted time, and delayed gratification (Miller et al., 2002). Work ethic encapsulates an individual's commitment to their job and career (Mulligan & Mulligan, 1997), as well as their willingness to work (Mulligan & Mulligan, 1997). It represents a set of beliefs and attitudes reflecting fundamental values about work (Meriac et al., 2010).

Weber (2009)'s essay on the Protestant work ethic are acknowledged as the foundation for much of the subsequent literature on work ethics (Crispin et al., 2019). Diligence is highly valued in work ethics (Nielsen & Massa, 2013). According to Morrow and McElroy (2001), work ethic is characterized by a willingness to exert effort in one's tasks, and striving for success is seen as valuable and a measure of one's moral standing. They further posit that work ethic is a moral construct characterized by perseverance and diligence. Individuals exhibiting a strong work ethic are characterized by their diligence, pride in their work, going above and beyond the call of duty, and striving for excellence in all aspects of their work (Alizadeh et al., 2021; Aniekan, 2022; Einarsen et al., 2019).

In the midst of the ongoing digital transformation, the long-standing work ethic characteristic of *Warung Madura* operators has become increasingly relevant as a potential factor in ensuring the sustainability of their businesses. Several previous studies have shown that a strong work ethic can contribute to employee performance, business success, and resilience in the face of changes in the business environment (Argestya et al., 2017; Haryati & Ismail, 2020; Listiani et al., 2022; Muis, 2023). However, research specifically examining the role of work ethic in the context of *Warung Madura* in the digital era remains limited. Other existing studies on *Warung Madura* have primarily focused on solidarity and modern economic development perspectives (Farqi et al., 2024), as well as socio-cultural dynamics (Wafiruddaroin & Rezeky, 2022). Research on the work ethic and survival strategies of *Warung Madura* is still scarce, although this phenomenon is particularly interesting for analyzing survival patterns that could be adapted by other business operators.

This study aims to explore the work ethic and survival strategies of *Warung Madura* in the digital era. The findings of this research will not only provide valuable insights into the dynamics of small businesses in navigating digital disruption but are also expected to serve as a basis for formulating effective adaptation strategies for *Warung Madura*.

METHOD

This study employs a qualitative approach, using in-depth interview techniques with *Warung Madura* business owners. Data were collected through intensive question-and-answer sessions with *Warung Madura* owners in Jember, East Java, Indonesia. The interviews were based on open or unstructured questions and conducted both virtually and face-to-face. The informants in this study are business owners of *Warung Madura* located in Jember City. According to an interview with the Jember District Cooperative and UMKM Department, there are approximately 80 *Warung Madura*. The researcher selected four business owners as informants, located around the campus and city center. This is considered representative of the conditions and overview of *Warung Madura* management. The researcher only interviewed core informants with the consideration of focusing on the

work ethic and survival strategies of *Warung Madura* operators. Only the operators who best understand how to manage their businesses and have experience running them were interviewed.

Interviews were conducted with four informants who played significant roles and were directly or indirectly involved in *Warung Madura* businesses in Jember, each of whom had operated their business for over a year. The interview questions and discussions encompassed an introduction followed by a brief explanation of when the business was established, the initial capital, and the reasons why the informant was interested in pursuing *Warung Madura*. The researcher further delved into the mechanisms of the 24-hour work division, the management of merchandise, inventory, and how the informant-maintained relationships with suppliers to ensure the availability of goods. Subsequently, the researcher posed more in-depth questions regarding marketing strategies and the methods employed to develop the *Warung Madura*. Furthermore, the interview explored how *Warung Madura* owners provide services and build positive relationships with customers, as well as the methods employed to fulfill customer needs, thereby fostering customer loyalty. The interview also delved deeper into the work ethic and survival strategies of *Warung Madura* owners in running their businesses, enabling them to progress, develop, and remain competitive.

Data collection also involved participant observation, where the researcher engaged in direct interaction with the informants at their warung. During participant observation, the researcher systematically recorded phenomena such as customer service, product arrangement, and other relevant activities while actively participating in the process.

The information analysis followed the interactive analysis technique based on the Miles and Huberman model, with stages of data collection, data categorization, data display, and conclusion drawing. According to Miles and Huberman (2014), data analysis is carried out interactively and continuously until the information reaches saturation. The data analysis activities included data collection, data reduction, data display, and conclusion drawing following Miles and Huberman (2014)'s concept. The steps taken in the data analysis process were as follows:

1. Data Collection. This phase entailed the systematic gathering of data through participant observation, comprehensive in-depth interviews, and documentation, aimed at constructing a robust and credible model. The researcher engaged extensively in the daily routines of *Warung Madura* proprietors, conducting interviews in a staged manner. On average, each informant participated in three interview sessions, facilitating a thorough exploration of both the depth and breadth of the information obtained.
2. Data Classification or Categorization. This stage concentrated on the selective process of simplifying and organizing the collected data. The methodology involved summarizing, grouping, categorizing, directing, and filtering out irrelevant information. In delineating the anatomy of *Warung Madura*, the researcher categorized the data based on geographical distribution, duration of business operations, and the inception of the business idea. For the substantive analysis, the data was organized into four distinct categories: work ethic, survival strategies, creativity and innovation, and the challenges encountered by *Warung Madura* within the context of the digital economy.

3. Data Display. This phase involved the presentation of data in a comprehensible and accessible format, prepared for analysis and interpretation. The findings concerning the anatomy and substance of *Warung Madura* were illustrated through various formats, including charts, graphs, matrices, and narratives derived from the synthesis of interview and participant observation outcomes.
4. Conclusion Drawing. Conclusions were formulated based on the comprehensive analysis of the collected information until a point of saturation was achieved. The enriched data and information provided mutual support, culminating in conclusions that were not only detailed but also offered a deeper insight into the phenomena under investigation.

FINDING AND DISCUSSION

The Anatomy of *Warung Madura* in Jember

The emergence of *Warung Madura* has been driven, in part, by shifts in consumer behavior. Shifts in consumer behavior are influenced by factors such as technological advances and continuously developing social values (Forbes Agency Council, 2024). Observations reveal that consumers who work in offices or corporations have experienced changes in their shopping habits. From morning until late evening, they are often preoccupied with work-related matters. After returning home, they typically prefer to rest first, waking up late at night. During these hours, they seek fresh air and venture out to have coffee and shop for essential household items. The usual destination is a store that stays open., specifically, *Warung Madura*. Moreover, economic activity in the community continues well into the night. The Madurese recognize this trend as an opportunity, prompting them to keep their stores open 24 hours. This demonstrates the creativity of the Madurese, as the identification of business opportunities is often influenced by creativity. *Warung Madura* thus serves as a shopping alternative for consumers. Below is the anatomy of *Warung Madura*, the subject of this research, presented in tabular form:

From the interviews with key informants, specifically the *Warung Madura* business owners in Jember, the following information was gathered. *Warung Madura* (1), located on Karimata Street, began its operations in 2022. The idea behind establishing the shop stemmed from recognizing the strong business potential in the campus area, where there are always buyers, even late at night. To obtain competitive prices, the shop owner typically sources goods from various wholesalers and individual product sales representatives, such as cigarettes, soap, coffee, and more. For security reasons, the *Warung Madura* business is managed alternately by the husband and wife, with the husband taking the night shift and the wife handling the day shift. The daily turnover averages between 1 to 2 million rupiah, with a profit margin of around 5%. The owner believes that the business will continue to grow by improving service quality and consistently diversifying the range of products sold, ensuring that customers remain loyal and do not seek alternatives. However, the shop owner is still not well-versed in digital platforms, so marketing efforts remain simple, relying on the strategic location, attractive display arrangements, bright lighting at night, and competitive pricing. The marketing and promotional strategies employed by *Warung*

Madura align with the marketing mix theory, which includes product, price, place, and promotion ((Kotler & Keller, 2009)).

Warung Madura (2), located on Letjen Sutoyo Street, Kebonsari Jember, began its business in 2022 by renting a shop near a busy main road. The idea for this store came from the need to meet the daily needs of the surrounding community, predominantly residents from nearby housing, schools, and factory employees. The initial investment of around 50 million rupiahs covered the cost of renting the shop and stocking the inventory. The main commodities offered include basic household goods, cigarettes, gasoline, and various other household necessities. However, the owner is always looking to expand the range of products to meet customer demand, as it is challenging when customers leave empty-handed because the sought-after product is unavailable. The daily turnover averages between 1.5 and 2 million rupiah, with a profit margin of around 5-10%. The store owner has a unique method of setting aside 10% of daily income in a box or tin, which is later used for operational costs such as rent, electricity, fuel, and other expenses. The remaining amount is considered profit and is allocated for daily needs, with any surplus reinvested in restocking inventory to better serve customers. The work shifts are alternated for security purposes, with the wife managing the shop from morning to afternoon and the husband taking over at night. Currently, the warung primarily serves the local community, but the owner has begun to explore the use of basic digital platforms, such as WhatsApp, for marketing activities. This indicates that *Warung Madura* is starting to adopt sophisticated concepts that combine online and offline shopping as a form of adaptation to technological advances (Mujianto et al., 2022).

The owner of *Warung Madura* Three (3), located on Sumatra Street, began operating the *Warung Madura* business in 2020. The initial idea of establishing *Warung Madura* emerged from the owner's observation of a market opportunity to provide daily necessities in a densely populated area. The reason for not opening a ready-to-eat food stall is that a convenience store (traditional shop) allows for the sale of various essential goods, not just prepared food. The initial capital invested to start the *Warung Madura* business was approximately 15 million rupiah. The daily turnover earned by the owner of the shop, ranges from 1 to 1.5 million rupiah. The owner does not use social media as a payment method. The challenges and hopes in running the *Warung Madura* business include the instability of prices for certain goods being sold, and it is hoped that the government can implement policies to stabilize market prices.

The owner of *Warung Madura* Four (4), also located on Sumatra Street, began the *Warung Madura* business in 2021. The initial idea for establishing *Warung Madura* stemmed from a desire to open a convenience store. The reason for choosing to open a convenience store rather than a ready-to-eat food stall is that a convenience store can sell a wide range of products, both for household needs and for young people and restaurant owners. The owner of *Warung Madura* Four does not yet have any branch stores and does not use any social media applications. However, in serving customers, the owner employs staff, as the owner does not have another job and is solely focused on growing the *Warung Madura*. The work shifts for the employees are from 7 PM to 9 AM. One of the challenges faced by the owner is the need to maintain good health, as the shop is open continuously.

Work Ethic of *Warung Madura*

The work culture of Madurese people who run *Warung Madura* businesses can be observed from their operational hours, which remain open 24 hours, as practiced by the *Warung Madura* owners interviewed. This is done to ensure that there is always service available for customers whenever they need essential goods. *Warung Madura* entrepreneurs possess a strong and distinctive work ethic, which is a key factor in their success in managing small businesses like traditional shops. This work ethic not only reflects the values of hard work but also embodies the cultural traits inherent in the Madurese people. Many *Warung Madura* entrepreneurs start their businesses with very limited capital and manage them independently, without much assistance from others. They rely on their own abilities in managing stock, customer service, and even simple bookkeeping. As seen from interviews with *Warung Madura* 2, 3, and 4, these businesses are often managed by alternating shifts between husband and wife, whether during the day or night.

"My store operates 24 hours, and my wife and I take turns monitoring it. My wife is in charge during the day from morning until evening, while I take over at night until morning. I strive to always provide the items our customers are looking for, ensuring that they do not leave disappointed because we do not have what they need. Additionally, I make an effort to offer competitive prices by sourcing from specific wholesalers, and I also collaborate with sales representatives for products like cigarettes, soap, cooking oil, and others." (Warung Madura 1, interview October 2, 2024)

"I manage this Warung Madura in shifts with my wife, and we have one employee. My wife and I alternate monitoring from morning until sunset, typically until Maghrib. From evening until morning, the warung is supervised by my employee. Even though the shop is managed by an employee, I ensure that the availability of goods and service quality remain optimal because I have trained them in customer-friendly attitudes prior to their employment. I opted to hire an employee to help maintain our health, preventing my wife and me from being exposed to the cold night air for too long." (Warung Madura 4, interview October 2, 2024).

They strive to remain open even during holidays, ensuring that no customers are disappointed by a closed shop. Customers continue to be served 24 hours a day. Regarding bookkeeping, information from *Warung Madura* Two reveals that they consistently set aside 10% of their daily income for operational costs such as fuel, electricity, and other expenses. *Warung Madura* owners manage their operations independently, from customer service and stock management to bookkeeping.

Warung Madura is a semi-modern conventional retail outlet that contributes to the economic development and growth of Jember City. In many nations, including Indonesia, traditional retail stores are vital to both the economy and the lives of their customers (Mujianto et al., 2022). Most *Warung Madura* owners do not yet have branches, but it is hoped that they will expand, thus creating job opportunities for other job seekers. The unique characteristics of *Warung Madura* entrepreneurs—such as perseverance, resilience, and adaptability—have enabled them to survive and thrive over the years despite various social and economic changes. The work ethic and determination exhibited by *Warung Madura* owners can serve as a benchmark for overcoming economic downturns and facing the increasingly competitive business landscape. This is in line with the findings of Al-

Shamali et al. (2021), who concluded that work ethic influences commitment to work and the ability to adapt to changes in the industrial world. Similarly, Hayati & Caniago (2012) found that work ethic impacts motivation and commitment to one's job.

Survival Strategies of *Warung Madura*

Better business strategies improve the competitive advantage of SMEs (Farida & Setiawan, 2022). The business strategies employed by *Warung Madura* are unique. One distinct feature of all the *Warung Madura* interviewed is that they never close, not even on holidays. Their survival strategy is reflected in the slogan "*Open 24 Hours*" and prominently displayed banners in front of their shops. *Warung Madura* serves as a lifeline for the community by providing a wide range of consumer goods. The stores are neatly arranged, with well-lit storefronts, small but organized spaces, and are owned by individuals of Madurese descent.

The struggle for survival is an innate instinct. Darwin (1859) argued that survival is a constant battle against the environment. The business world is perpetually engaged in a struggle against imminent collapse or failure. In this process, businesses employ a variety of practices to gain a competitive advantage. Smallbone & Wyer (2000) contend that adaptive strategies are the best practices to ensure business survival. Le Nguyen and Kock (2011) suggest the need for a fresh perspective to enhance understanding of how businesses can endure in turbulent environments. According to Brody et al. (2007), small business survival strategies for success involve adhering to core practices such as maintaining a customer focus by developing products or services, offering a competitive advantage, developing human resource services, and forging innovative partnerships. Survival strategies can be acquired both directly through experience and indirectly through social networks (Fletcher & Harris, 2002).

The advantage of *Warung Madura* lies in the availability of basic goods such as rice, cooking oil, sugar, and instant noodles at competitive prices. Some *Warung Madura* also diversify their offerings by selling retail gasoline and running mini cafés. Additionally, by offering goods in small or retail quantities, customers can manage their expenses according to their income. *Warung Madura* is typically located in strategic areas, including near the campuses of the University of Jember, Muhammadiyah University of Jember, Mandala Institute of Science Technology, Jember State Polytechnic, and in densely populated areas within Jember city. Interviews with *Warung Madura* 1, 3, and 4, located on Karimata Street and Sumatra Street, revealed that they strategically chose locations near Muhammadiyah University of Jember and Mandala Institute of Science Technology, as well as busy office areas. *Warung Madura* competes with modern minimarkets by offering competitive or flexible prices. This is achieved by selecting suppliers with the lowest prices, as seen with *Warung Madura* 3, located on Sumatra Street, which purchases eggs directly from a wholesale egg distributor. Additionally, *Warung Madura* typically has partnerships with sales representatives for specific products such as cigarettes, laundry soap, and other items.

The increasing competition requires *Warung Madura* entrepreneurs to ensure their businesses remain sustainable by continuously meeting customer needs. The community can fulfill its basic needs without the hassle of seeking other stores. Junaeni et al. (2022) states that retail business strategies are focused on customer service, enabling *Warung Madura* to effectively compete in the local market despite the presence of modern retail

competitors. *Warung Madura* plays a role in providing basic needs to the community at affordable prices, creating new employment opportunities, and upholding the principles of fairness and social responsibility.

In addition to offering 24-hour service, *Warung Madura* consistently strives to meet customer needs by diversifying its product offerings, ensuring that no customer leaves empty-handed. According to Heri and Septiana (2024), competitive pricing, sufficient product variety, and excellent service are the primary and effective strategies for surviving in this sector. Furthermore, support from the government is needed to provide education, access, and digital literacy services, allowing *Warung Madura* to compete in the era of digitalization. This aligns with the research by Evangelista et al. (2023), which highlights the importance of government support in enhancing the digital knowledge and understanding of small and micro businesses.

Creativity and Innovation of *Warung Madura*

Although typically offering daily products such as basic necessities, cigarettes, and household items, many *Warung Madura* continue to innovate and be creative in order to survive, and even thrive, in this competitive era. SMEs need to be innovative and creative in order to compete in today's more cutthroat business environment (Awa & Palahudin, 2023). In addition to providing basic goods, some *Warung Madura* now offer modern products such as phone credits, electricity tokens, modern snacks, and packaged drinks. Several *Warung Madura* have started enhancing the physical appearance of their shops to appear more modern and neater, creating eye-catching storefronts that can attract a broader customer base or segment of the population. The strategies used by *Warung Madura* to attract customers, as reflected in interviews with *Warung Madura* 2, 3, and 4, include providing excellent service, arranging products attractively and neatly, ensuring a complete range of consumer needs, using bright lighting at night, and striving to offer competitive prices for the products sold.

Warung Madura also provides excellent service through friendly communication and incorporates local wisdom into their business operations. The owners themselves often serve customers directly. This direct service allows owners to interact personally with buyers. Through these interactions, they can build close communication with customers. The concept of familiarity built through these interactions fosters a sense of friendship filled with warmth, making customers feel like they are part of a close-knit community.

"I always strive to provide friendly service to customers; they typically appreciate engaging in small talk. Once we establish a rapport, they are likely to return. For product arrangement, I create displays with neat organization, making it easier for buyers to find what they are looking for. Specifically, at night, I provide bright lighting and colorful decorative lights outside to make my shop more attractive and easier for customers to locate. I also offer gasoline and LPG gas outside so that customers in need during the night can easily find these items at my store." (*Warung Madura* 2, interview October 2, 2024)

"Most of my customers are students, so I initially had nothing in front of my shop, but I added chairs and tables for them to enjoy the food and drinks they purchase while hanging out with friends. Additionally, I set up a space to sell gasoline in small quantities, using recycled

pertamini bottles, to ensure that local residents or students in need of gasoline during the night, especially in the vicinity of the campus on Jalan Sumatra, can fulfill their needs without having to go into the city." (Warung Madura 3, interview October 2, 2024)

The innovations made by *Warung Madura* include not only selling basic necessities but also offering modern products such as phone credits, mobile vouchers, electricity tokens, e-money top-ups, retail gasoline, modern snacks, and packaged drinks. Some *Warung Madura* have also embraced creativity by improving the physical appearance of their stores, presenting neat and eye-catching displays to attract a broader customer base or segment of society.

Warung Madura continues to innovate and develop creativity so that these micro-enterprises can grow further. Business people must possess and cultivate both creativity and innovation in order to succeed (Awa & Palahudin, 2023). Innovation in products, services, and processes can provide a competitive edge and enhance business competitiveness (Hisrich et al., 2002). *Warung Madura* still has great potential for market expansion through extensive marketing activities on digital platforms, allowing them to reach a wider audience. This aligns with the findings of Rahayu & Day (2017), who discovered that the adoption rate of e-commerce among Indonesian SMEs is still relatively low, despite the large market potential. Therefore, SME owners need to upgrade their digital knowledge and technical skills related to e-commerce to be able to implement it effectively.

Challenges for SMEs in the Digital Economy Era

The presence of *Warung Madura* as a type of SME is a unique phenomenon amid the rise of modern retail. Despite competition from Alfamart, Indomaret, and other traditional stores, *Warung Madura* has managed to maintain its existence. However, it still faces challenges in the future. There are many factors that *Warung Madura*, as an SME, must contend with. Six issues that SMEs face include both internal and external factors. The internal elements include leadership, resource management, entrepreneurial behavior, SMEs' competencies, problem-solving, and decision-making abilities. Two examples of external influences are social impact and the complexity of the business environment (Shekar et al., 2021). These factors need to be understood and studied by *Warung Madura* owners in order to survive in today's digital era.

This study identifies three strategies to address these challenges and ensure the continued existence of *Warung Madura* and other SMEs. To maintain the existence of *Warung Madura*, protection and support from both local and central governments are crucial. There are at least three urgent areas that require attention.

First, government regulations or local ordinances specifically addressing SMEs, including *Warung Madura*, must be established. It is time for SMEs to receive equal treatment alongside minimarkets or other modern retail stores. The government needs to introduce regulations that favor the people's economy. Such policies can significantly impact the macroeconomic well-being of society. Government support is essential for SMEs, as highlighted by Kaukab et al. (2022), who asserts that performance improvements for SMEs are anticipated as a result of government support in the form of policies, incentives, and programs.

Second, continuous training for SMEs is necessary. The government has an obligation to provide more intensive development for SMEs. Performance metrics for SMEs, including sales, profits, employment, productivity, innovation, and exports, improve with government support (Kumar & Singh, 2023). SMEs, including *Warung Madura*, need to form associations. Through these associations, the government can facilitate development by involving multiple stakeholders. A synergy between local shop owners, manufacturers, suppliers, and the government can expand the networks of local stores. The Ministry of Cooperatives and SMEs can provide capital assistance to *Warung Madura* owners, accompanied by participation in business competency-enhancing training programs. *Warung Madura* also contributes to the preservation of local wisdom by displaying regional products and traditional snacks.

Third, the availability of security guarantees is crucial. Many government agencies have already launched external initiatives to enhance the security of businesses (Santos-Olmo et al., 2016). Security guarantees will provide SMEs the confidence to grow their businesses. The government must ensure public safety, as desired by *Warung Madura* 3 and 4 owners. With the increase in community activities, security services' working hours should also be extended. The presence of *Warung Madura* requires full protection from security forces. Ensuring public safety in conducting daily activities is the responsibility of security personnel. With such security in place, *Warung Madura* can continue to thrive without fear of external threats. Going forward, it is hoped that operational hours for *Warung Madura* will be better regulated. The creative and innovative mindset of *Warung Madura* owners should be encouraged to foster sustainable economic growth in the community.

CONCLUSION

The significant potential of *Warung Madura* as a cornerstone of SMEs suggests that it can remain competitive in the increasingly digitalized and competitive market. The utilization of digital technology will not only enhance the competitiveness of *Warung Madura* but also expand its market share for further growth. Support from the government in the form of pro-people economy regulations, education, and easy access to digital resources, combined with ongoing creativity and innovation, will empower *Warung Madura* to compete effectively and maintain relevance amid the rise of modern minimarkets and the challenges of digitalization in the future. It is recommended that future researchers conduct a study on the development and effectiveness of utilizing digital platforms for service delivery and promotion in Madura-style food stalls or SMEs.

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