



INFLUENCE OF THE IMPLEMENTATION OF THE MINISTER OF TRADE'S REGULATORY POLICY NUMBER 6 OF 2022 AND STABILITY OF COOKING OIL PRICES AGAINST MSME INCOME BY MEDIATING MARKET OPERATIONS IN MOJOKERTO CITY

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Abstract

Cooking oil is one of the necessities whose price is currently experiencing a spike, including in the Mojokerto City area. This price spike certainly affects people's income, especially in Micro, Small and Medium Enterprises (UMKM). To overcome this, the Mojokerto City Diskopukmperindag held Cooking Oil Market Operations at least nine times over the last four months. However, prices are still not stable. Therefore, this research was conducted to determine the effect of implementing Minister of Trade Regulation No. 6 of 2022 on the stability of cooking oil prices in Mojokerto City and the income of UMKM in Mojokerto City to determine the influence of market operations on the stability of cooking oil prices and UMKM income in Mojokerto City, as well as to determine the impact of the implementation of Minister of Trade Regulation No. 6 of 2022 on market operations in Mojokerto City. The research methods used are descriptive, verification, and path analysis.

The research results show that there is a significant negative influence of the implementation of Minister of Trade Policy No. 6 of 2022 on the stability of cooking oil prices; there is no influence from the implementation of Minister of Trade Policy No. 6 of 2022 on UMKM income; The more market operations are carried out, the more stable the price of cooking oil will be. The more market operations are carried out, the more UMKM income will increase. The better the implementation of Minister of Trade Policy No. 6 of 2022, the more market operations will be carried out. Market operations can mediate the influence of the implementation of Minister of Trade Policy No. 6 of 2022 on the stability of cooking oil prices. Still, market operations cannot mediate the influence of the implementation of Minister of Trade Policy No. 6 of 2022 on UMKM income.

Keywords: Cooking oil, Minister of Trade Policy No. 6 of 2022, UMKM, Income

INTRODUCTION

Amid the COVID-19 pandemic, which is starting to improve, people are faced with the problem of increasing the price of cooking oil, which is one of their essential needs. The increase in cooking oil prices contributed to inflation of 0.04 percent in March 2022. The high price of cooking oil in Indonesia has been in the spotlight since the fourth quarter of 2021 until the beginning of the first quarter of 2022. It was recorded that cooking oil increased by 56% between March and December 2021, and the price reached IDR 20,667/liter in December. External and internal factors cause the increase in cooking oil prices. External factors are caused by the rise in the price of raw materials for cooking oil, namely world crude palm oil or crude palm oil (CPO) (Karunia & Djumena, 2022).

In response to this phenomenon, the Central Government, in this case, the Ministry of Trade, issued policies based on community needs. One of the concrete steps the Government has taken in this regard is through the Minister of Trade of the Republic of Indonesia and his subordinates, namely the Department of Industry and Trade at the regional level. On January 26, 2022, the Government issued Regulation of the Minister of Trade of the Republic of Indonesia No. 6 of 2022 concerning determining the Highest Retail Price for Palm Cooking Oil.

Respati and Sukmana (2022) stated that the Central Executive Board of the Indonesian Market Traders Association (DPP APPSI), Sudaryono, highlighted the scarcity of bulk cooking oil, making traders' stock unsafe. Artaman (2015) states that indicators influencing traders' income include length of business, trading location, trading ability, market conditions, capital, business organization conditions, and working hours.

As a regional regulatory agency at the regional level in the Mojokerto City region, the Department of Cooperatives, Micro, Small and Medium Enterprises, Industry and Trade in the City of Mojokerto, which in this case is where the author works, is an extension of matters in implementing this policy to suppress the phenomenon of the surge in cooking oil in the City of Mojokerto. During the four months running at the beginning of 2022, it was recorded that the price of cooking oil in circulation was still at Rp. 36,000,- per liter, which is considered high and rare. For this reason, the Mojokerto City Diskopukmperindag held Cooking Oil Market Operations at least nine times over the last four months.

However, the price of cooking oil circulating outside is still not stable, so it is still necessary to review whether this market operation program really has positive implications for the stability of the price of cooking oil circulating in the Mojokerto City area, especially for UMKM business actors, who are, in this case, the party most affected from an economic perspective.

METHOD

This research uses three types of variables: independent, intervening, and dependent. In this research, the implementation of the policy of Minister of Home Affairs Number 6 of 2022 is determined as the independent variable (X), market operations (Y) is defined as the intervening variable, and the stability of cooking oil prices (Z_1) and income (Z_2) is determined as the dependent variable. The research sample was 32 MSME actors in Mojokerto City. The research methods used are descriptive, verification, and path analysis.

RESULTS AND DISCUSSION

1. Effect of Implementation of Minister of Trade Regulation No. 6 of 2022 on Market Operations

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	24.310	6.317		3.848	.001
X1	.785	.258	.486	3.043	.005

a. Dependent Variable: Y

This research shows a significant negative influence from the implementation of Minister of Trade Policy No. 6 of 2022 on the stability of cooking oil prices with a t-count of -2.232 and a substantial value of $0.033 < 0.05$. The existence of a negative influence means that the better the implementation of Minister of Trade Regulation No. 6 of 2022, the more unstable the price of cooking oil will be.

The issuance of Regulation of the Minister of Trade Number 6 of 2022 concerning the Determination of the Highest Retail Price for Cooking Oil, in reality, is not a concrete step to curb irregularities in circulating price increases and even tends to make the price of cooking oil on the market even more unstable. The Government's efforts through the issuance of this regulation can reduce high oil prices and oil shortages and provide space for distributors to smuggle cooking oil, which has implications for cooking oil shortages when the Government sets oil prices according to the HET.

2. Effect of Implementation of Minister of Trade Regulation No. 6 of 2022 on UMKM Income

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		Std. Error			
(Constant)	.634	2.323		.273	.787
X1	-.198	.089	-.226	-2.232	.033
	.524	.055	.966	9.531	.000

a. Dependent Variable: Z₁

This research shows no influence from the implementation of Minister of Trade Policy No. 6 of 2022 on UMKM income with a t value of -0.401 and a significant value of $0.692 > 0.05$. The absence of this influence means that whether the policy of Minister of Trade No. 6 of 2022 is implemented well, UMKM's income will stay the same.

Nearly 80% of UMKMs in Mojokerto City are in the food and beverage business sector. The current phenomenon of cooking oil scarcity affects many business actors and even causes them to close their businesses for specific periods because cooking oil is their primary source of income. With

the issuance of Minister of Trade Regulation No. 6 of 2022, it is not easy for UMKMs to continue selling by obtaining subsidized oil from the government so that it does not affect their income.

3. Influence of Market Operations on Cooking Oil Price Stability

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
(Constant)	4.488	4.116		1.090	.285
X1	-.063	.157			
Y	.300	.097	.557	3.082	.004

a. Dependent Variable: Z_2

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.526 ^a	.276	.226	2.46244

a. Predictors: (Constant), Y, X_1

b. Dependent Variable: Z_2

This research shows a significant favorable influence of market operations on the stability of cooking oil prices with a t value of 9,531 and a substantial value of $0.000 < 0.05$. The positive influence means that the more market operations are carried out, the more stable the price of cooking oil will be. This finding is supported by previous researchers, namely Rahmasuciani (2015), who state that pure market operations positively affect price stabilization.

To overcome the scarcity of cooking oil, the Government has set the price of packaged cooking oil according to market prices, while the HET for bulk cooking oil is IDR 14 thousand per liter. Determined based on Minister of Trade Regulation No. 11 of 2022, dated March 16, 2022. After this policy was issued, cooking oil stocks, exceptionally packaged, were abundant in the market but at high prices. Determining the price of packaged cooking oil through a market mechanism can instantly overcome the scarcity of this item. Still, it also reduces people's purchasing power, especially those in the poverty line range. One way to implement this policy is by selling cooking oil through market operations, which are carried out periodically. Implementing this market operation can have direct implications for suppressing the surge in cooking oil prices currently occurring in society, especially the direct impact on UMKMs. Therefore, the more market operations are held, the more stable the price of cooking oil will be.

4. Effect of Market Operations on UMKM Income

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	11.780	3.816		3.087	.004
X1	.173	.156	.198	1.107	.277

a. Dependent Variable: Z₂

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.198 ^a	.039	.007	2.78946

a. Predictors: (Constant), X₁

b. Dependent Variable: Z₂

This research shows a significant positive influence of market operations on UMKM income; the t value is 3,082, and the significant value is 0.004<0.05. The existence of a positive influence means that the more market operations are carried out, the more UMKM income will increase.

It is hoped that the Government's efforts to continuously organize Cooking Oil Market Operations for the residents of Mojokerto City and specifically for UMKMs will provide direct convenience for MSMEs to continue their businesses, which have been hampered by the surge in oil prices, thereby increasing UMKMs' income.

5. Path Analysis of the Influence of the Implementation of Minister of Trade Regulation No. 6 of 2022 on MSME Income Through Market Operations as a Mediating Variable

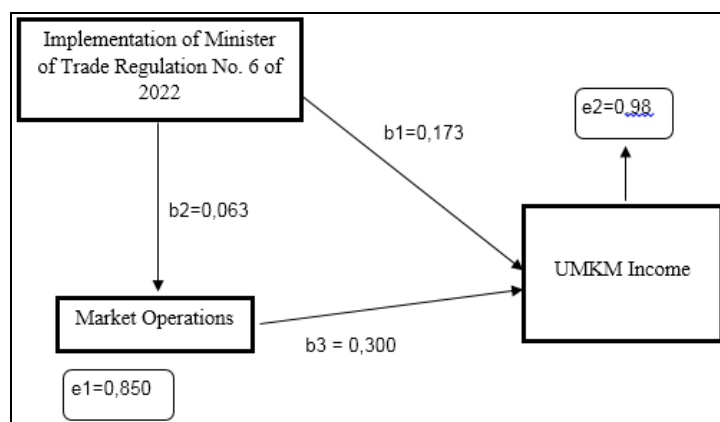


Figure 1

Path Analysis of the Influence of the Implementation of Minister of Trade Regulation No. 6 of 2022 on MSME Income Through Market Operations as a Mediating Variable

The results of this research indicate that market operations can mediate the influence of the implementation of Minister of Trade Policy No. 6 of 2022 on the stability of cooking oil prices. However, the results of this research also show that market operations are unable to mediate the effect of implementing Minister of Trade Policy No. 6 of 2022 on UMKM income.

CONCLUSION

1. Implementing Minister of Trade Policy No. 6 of 2022 significantly negatively influences the stability of cooking oil prices with a t value of -2.232 and a substantial value of $0.033 < 0.05$. The existence of a negative influence means that the better the implementation of Minister of Trade Regulation No. 6 of 2022, the more unstable the price of cooking oil will be.
2. Implementing Minister of Trade Policy No. 6 of 2022 has no effect on UMKM income with a t value of -0.401 and a significant value of $0.692 > 0.05$. The absence of this influence means that if the policy of Minister of Trade No. 6 of 2022 is implemented well, MSME income will remain the same.
3. The more market operations are carried out, the more stable the price of cooking oil will be.
4. The more market operations are carried out, the more UMKM income will increase.
5. The better the implementation of Minister of Trade Regulation No. 6 of 2022, the more market operations will be carried out.
6. Market operations can mediate the influence of implementing Minister of Trade Policy No. 6 of 2022 on the stability of cooking oil prices.
7. Market operations cannot mediate the effect of implementing Minister of Trade Policy No. 6 of 2022 on UMKM income.

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