Agrinspired
Agribusiness and Innovation for Sustainable Agriculture Research
ISSN: XXXX-XXXX
Volume-1 | Issue-1 | January-2026 | Page: 37-42
DOI:

Analysis of Internal and External Risk Factors for Financial Loss among Vegetable Traders at Keputran Market, Surabaya

Peacia Novalina Setiawan* & Ristani Widya Inti
Department of Agribusiness, Faculty of Agriculture, University of Wijaya Kusuma Surabaya
Corresponding email: peacianovalina@gmail.com

ABSTRACT

Traditional markets play a vital role in ensuring food availability, particularly for fresh vegetable commodities that are consumed daily. However, vegetable trading is characterized by high business risks due to the perishable nature of the products, price fluctuations, uncertain consumer demand, operational inefficiencies, and intense market competition. These conditions require traders to effectively manage inventory, maintain product quality, and adapt to changing market dynamics in order to sustain their businesses. Keputran Utara Market in Surabaya, one of the largest wholesale vegetable markets in East Java, represents a dynamic trading environment where rapid product turnover and continuous distribution activities expose traders to various internal and external sources of financial loss. This fieldwork study aims to analyze the internal and external factors contributing to the risk of losses experienced by vegetable traders at Keputran Utara Market, Surabaya. The study was conducted through direct observation during the Field Work Practice (PKL), supported by interviews with vegetable traders and documentation of trading activities. The findings indicate that the primary internal risk factors include inaccurate inventory planning, inadequate financial record-keeping, poor product handling, and dependence on personal experience rather than systematic business management. External risk factors consist of fluctuating purchase prices, unstable supply chains, weather conditions, changing consumer demand, market competition, and delayed customer payments. These factors collectively reduce profitability and threaten business sustainability, particularly for small-scale traders. The study concludes that effective risk management through better inventory planning, improved transaction recording, and adaptive pricing strategies is essential to minimize losses and strengthen the sustainability of vegetable trading businesses in traditional markets.

Keywords: *Business Risk, Vegetable Traders, Traditional Market, Internal Factors, External Factors, Keputran Utara Market.*

INTRODUCTION

Traditional markets play a fundamental role in supporting food security and local economic activities by providing communities with access to fresh agricultural products, particularly vegetables. Besides serving as distribution centers for essential food commodities, traditional markets also provide employment opportunities and income for small-scale traders. The high frequency of vegetable transactions reflects the continuous demand for fresh produce as part of daily household consumption. Consequently, vegetable trading has become one of the most dynamic sectors within traditional markets, requiring traders to maintain a consistent supply of products while responding to changing consumer preferences.

Despite the strong market demand, vegetable trading is associated with considerable business risks because vegetables are highly perishable commodities. Their short shelf life requires proper handling, storage, and timely distribution to maintain quality. Unsold vegetables rapidly lose freshness, experience quality deterioration, and eventually become unsuitable for sale, resulting in direct financial losses for traders. This characteristic distinguishes vegetable trading from the marketing of non-perishable goods and places greater pressure on traders to make accurate decisions regarding procurement, pricing, and inventory management.

In addition to product perishability, vegetable traders face several external challenges that increase the uncertainty of their business operations. Purchase prices often fluctuate due to seasonal production, weather conditions, supply availability from producing regions, and changing market demand. When procurement costs increase, traders are forced to adjust selling prices to maintain profitability. However, higher selling prices may reduce consumer demand, while lower prices intended to attract customers can significantly decrease profit margins. Furthermore, competition among traders intensifies the need to balance competitive pricing with product quality and customer satisfaction.

Operational issues also contribute significantly to the risk of financial loss. Many traders experience difficulties in estimating appropriate inventory levels, resulting in excess stock that cannot be sold before quality declines. Limited storage facilities, improper handling during loading and unloading, and the practice of extending credit to customers further increase the likelihood of economic losses. If these problems occur repeatedly, they may gradually reduce business capital and threaten the sustainability of small-scale trading enterprises. Therefore, effective risk management has become an essential component of successful vegetable trading in traditional markets.

Keputran Utara Market in Surabaya is one of the largest wholesale vegetable markets in East Java and serves as a major distribution center for vegetables supplied to retailers and consumers throughout Surabaya and its surrounding areas. Trading activities take place almost continuously, beginning in the evening and continuing until the following morning, reflecting the market's high transaction volume and rapid turnover of fresh produce. The market relies heavily on a stable supply of vegetables from major production areas such as Malang, Batu, and Probolinggo, making it particularly vulnerable to disruptions in distribution and market conditions.

The characteristics of Keputran Utara Market create a business environment in which vegetable traders face complex internal and external risks. Traders are required to manage inventory efficiently, maintain product freshness, and respond quickly to market price fluctuations. Delays in product delivery, deterioration in product quality, inaccurate pricing decisions, and unpredictable consumer demand may lead to substantial financial losses within a short period. Preliminary observations conducted during the Field Work Practice (Praktik Kerja Lapangan/PKL) revealed that many traders still rely primarily on personal experience rather than systematic financial records or structured risk management practices. Common problems include inaccurate stock planning, rapid product spoilage due to limited selling time, and unpaid customer debts, indicating that business losses arise not only from product deterioration but also from weaknesses in day-to-day business management.

Based on these conditions, this study focuses on analyzing the internal and external factors contributing to the risk of financial losses among vegetable traders at Keputran Utara Market, Surabaya. Understanding these risk factors is expected to provide a comprehensive overview of the challenges encountered by traditional market traders while bridging theoretical knowledge acquired through academic study with practical conditions in the field. The findings are anticipated to contribute to the development of practical risk mitigation strategies, including improved inventory planning, better transaction recording, and more effective sales management, thereby supporting the sustainability and competitiveness of small-scale vegetable trading businesses.

RESEARCH METHODS

This study was conducted as part of the Field Work Practice (PKL) at Keputran Utara Market, located on Urip Sumoharjo Street, Tegalsari District, Surabaya, East Java, Indonesia. The research site was selected using a purposive sampling approach because Keputran Utara Market is one of the largest wholesale vegetable markets in Surabaya, characterized by continuous trading activities, dynamic logistics, and a high level of business risk. The fieldwork was carried out in June 2026.

This research employed a descriptive qualitative approach supported by simple quantitative analysis. The qualitative approach was used to identify and explore the internal and external factors contributing to business losses among vegetable traders through field observations, in-depth interviews, and documentation. The quantitative component was applied to evaluate the identified factors by assigning weights and ratings using a four-point Likert scale. In accordance with Sugiyono (2022), qualitative research emphasizes the investigation of natural settings in which the researcher serves as the primary research instrument. Accordingly, the qualitative findings obtained from observations and interviews formed the basis for the subsequent strategic analysis.

The study utilized both primary and secondary data. Primary data were collected directly from vegetable traders at Keputran Utara Market through direct observation, semi-structured interviews, and questionnaire distribution. Secondary data were obtained from market documentation, reports issued by PD Pasar Surya, previous scientific publications, and other relevant references concerning the profile and operations of Keputran Utara Market.

Respondents were selected using a purposive sampling technique to ensure that the collected information was relevant to the research objectives. The selection criteria included: (1) active vegetable traders operating permanent stalls at Keputran Utara Market; (2) traders with a minimum of one year of trading experience at the market; (3) traders who had experienced business losses resulting from factors such as product spoilage, declining market prices, or unsold inventory; and (4) traders who were willing to participate in interviews and complete the research questionnaire.

The collected data were analyzed using the SWOT (Strengths, Weaknesses, Opportunities, and Threats) analytical framework. Internal and external factors identified during the qualitative stage were assigned weights and ratings based on a four-point Likert scale and subsequently organized into the Internal Factor Analysis Summary (IFAS) and External Factor Analysis Summary (EFAS) matrices. The total weighted scores generated from these matrices were used to determine the strategic position of vegetable trading businesses within the SWOT quadrant. Finally, strategic alternatives were formulated based on the SWOT matrix, including Strength–Opportunity (SO), Weakness–Opportunity (WO), Strength–Threat (ST), and Weakness–Threat (WT) strategies to support risk mitigation and improve the sustainability of vegetable trading businesses at Keputran Utara Market.

RESULTS AND DISCUSSIONS

Characteristics of Respondents

The study involved 10 vegetable traders operating at Keputran Utara Market, Surabaya, who met the purposive sampling criteria. All respondents had been actively engaged in vegetable trading for at least one year and had experienced business losses resulting from product spoilage, price fluctuations, declining demand, or inventory-related problems.

The respondents represented experienced traders who routinely manage highly perishable commodities under uncertain market conditions. Consequently, their perceptions provide an appropriate basis for identifying the internal and external factors contributing to business losses.

Internal Factors Affecting Business Losses

The qualitative findings revealed that internal risk factors consist of both strengths and weaknesses influencing traders' business performance. The major strengths identified include the ability to maintain vegetable freshness, strong relationships with regular customers, strategic market locations, good cooperation with suppliers, pricing flexibility, and trading experience. These strengths enable traders to maintain customer loyalty while adapting to changing market conditions.

Conversely, several weaknesses continue to increase the likelihood of financial losses. These include limited working capital, difficulties in estimating inventory demand, inadequate financial record-keeping, dependence on a limited number of suppliers, insufficient storage facilities, unsold inventory, and uncollectible customer credit. These weaknesses primarily affect inventory efficiency and cash flow management, making traders more vulnerable to financial losses. The IFAS analysis indicates that internal strengths outweigh internal weaknesses, suggesting that vegetable traders possess sufficient internal capacity to improve business performance despite existing operational limitations.

External Factors Affecting Business Losses

External risks are largely associated with market dynamics beyond the direct control of traders. Interview results indicate that unstable purchase prices, unpredictable customer demand, inconsistent product quality from suppliers, and uncertain weather conditions represent the primary external sources of business risk. The EFAS analysis produced a total score of 2.657, indicating that traders demonstrate a moderate capability to utilize market opportunities while responding to external threats. The largest opportunities were the consistently high demand for vegetables and the strategic location of Keputran Utara Market, each obtaining the highest weighted score. Demand from restaurants, catering businesses, and other retailers also contributes to market growth.

The most significant threats were competition from modern retail markets, followed by competition among traditional traders. Additional threats included rising operational costs, supply uncertainty, and weather variability, all of which directly influence vegetable quality and selling prices. These findings suggest that although vegetable traders operate under considerable uncertainty, favorable market demand continues to provide substantial business opportunities.

SWOT Strategic Position

The strategic position was determined by combining the IFAS and EFAS results. The SWOT coordinates were X = 0.862 and Y = 0.967, placing vegetable traders in Quadrant I (Strength–Opportunity).

This position indicates that traders possess stronger internal capabilities than weaknesses while simultaneously operating within an environment that offers more opportunities than threats. Therefore, an aggressive growth strategy is considered the most appropriate approach for reducing business losses and improving long-term sustainability.

These findings imply that traders should capitalize on existing strengths instead of focusing solely on minimizing risks. Maintaining product quality, strengthening customer relationships, and improving supplier cooperation will enable traders to better exploit expanding market demand.

Strategic Implications for Risk Mitigation

Based on the SWOT matrix, several strategic priorities can be formulated.

a. SO strategies focus on maintaining product freshness, strengthening relationships with loyal customers, optimizing the strategic market location, and expanding cooperation with suppliers to capture growing demand.
b. WO strategies emphasize improving financial record-keeping, better inventory planning, increasing inventory turnover, and utilizing simple digital communication tools to expand marketing activities.
c. ST strategies include maintaining product quality, implementing flexible pricing policies, and strengthening supplier relationships to reduce the impact of price fluctuations and market competition.

d. WT strategies recommend minimizing excess inventory, improving cash-flow management, diversifying suppliers, limiting credit sales, and enhancing simple storage practices to reduce spoilage and financial losses.

Overall, the results demonstrate that business losses among vegetable traders are not solely attributable to the perishable nature of vegetables but also to weaknesses in operational and financial management. Strengthening inventory planning, financial recording, supplier management, and market responsiveness is therefore essential for improving business resilience in traditional vegetable markets.

CONCLUSIONS

Vegetable traders at Keputran Utara Market face business losses resulting from a combination of internal and external risk factors. Internal factors primarily include weaknesses in inventory management, financial record-keeping, and the high susceptibility of vegetables to spoilage, while traders' experience, product quality, and customer relationships represent important business strengths. Externally, price fluctuations, unstable supply, changing consumer demand, weather conditions, and increasing market competition significantly influence business performance and profitability.

The SWOT analysis indicates that the business position of vegetable traders falls within Quadrant I (Strength–Opportunity), suggesting that traders possess sufficient internal strengths to capitalize on existing market opportunities. Therefore, an aggressive growth strategy is the most appropriate approach to reducing business losses. Priority strategies include maintaining product freshness, strengthening relationships with customers and suppliers, improving inventory planning, implementing simple financial record-keeping, adopting flexible pricing strategies, and utilizing digital communication for marketing. These measures are expected to enhance risk management practices and support the long-term sustainability and competitiveness of vegetable trading businesses in traditional markets.

REFERENCES

Ardani, W., & Sunarsi, D. (2023). The Effect of Entrepreneurial Orientation, Working Capital and Market Orientation on the Performance of SMEs. *Jurnal Manajemen Industri dan Logistik*, *7*(1), 91-104.

Berlian, M., Muhaimin, A. W., Hanani, N., & Maulidah, S. (2023). An Extended Model of Consumer Behavior for Vegetables in the Market in Indonesia. *Journal of Law and Sustainable Development*, *11*(12), 73.

Esteso, A., Alemany, M. M. E., Ottati, F., & Ortiz, Á. (2023). System Dynamics Model for Improving the Robustness of a Fresh Agri-Food Supply Chain to Disruptions. *Operational Research*, *23*(2), 28.

Gong, D., Bi, Y., & Li, Y. (2024). Preharvest and Postharvest Factors Improving Horticultural Crops Quality and Shelf-Life. *Horticulturae*, *10*(4), 380.

Humairoh, L., Garamba, S., & Armansyah, R. (2024). Pengelolaan Manajemen Resiko dalam Sektor Agribisnis. *Jurnal Agro Nusantara*, *4*(1), 18-25.

Li, Z., & Zhao, P. (2023). Designing a Resilient Retail Supply Network for Fresh Products under Disruption Risks. *Frontiers in Public Health*, *11*, 1099227.

Maesaroh, S. S., Rahayu, A., Wibowo, L. A., & Ahman, E. (2023). Financial Availability on Performance of MSMEs: Mediation of Entrepreneurial Orientation and Business Actor's Rationality. *Jurnal Economia*, *19*(1), 68-80.

Violi, A., De Maio, A., & Fattoruso, G. (2024). Inventory Management and Delivery of Perishable Products with Stochastic Demands and Risks Consideration. *Procedia Computer Science, 232,* 2941-2949.

Rangkuti, F. (2016). *Analisis SWOT: Teknik Membedah Kasus Bisnis.* PT Gramedia Pustaka Utama.

Sugiyono. (2022). *Metode Penelitian Kualitatif.* Alfabeta.

Tambayong, F., Tulung, J. E., & Pandow, M. H. C. (2023). The Influence of Human Capital, Social Capital and Financial Capital to Business Resilience of SMEs in Manado. *Jurnal EMBA, 11*(1), 1116-1125.