The Government Economic Policy on Establishment of Modern Market in Bandar Lampung City

Ayu Nadia Pramazuly
Department of Public Administration, Universitas Tulang Bawang, Lampung, Indonesia
Email: ayunadiapramazuly@gmail.com

Abstract

The present study aimed to describe the government economic policy regarding the establishment of minimarket in Bandar Lampung. The growth of convenience stores is in line with the community's increasing consumption trend. The growth may threaten the existence of the traditional market, affecting the economic condition of merchants who rely on the traditional market. Department of Investment and One-Gate Integrated Service (DPMPTSP) of Bandar Lampung holds the authority to regulate business actors concerning the establishment of a minimarket. The present study applied the qualitative descriptive method. This study found that the government regulates minimarket permits based on Bandar Lampung Mayor Regulation no. 89 of 2011 on The Requirement and Arrangement of Minimarket in Bandar Lampung City. The authority is inseparable from the role of other departments. From an economic perspective, the establishment of minimarket contributes to the increase in Regional Original Revenue. Meanwhile, from a political perspective, the establishment may maintain the investment climate and improve regional development. However, from a social point of view, the growth of minimarket that does not adhere to the regulation leads to problems with its surroundings. The minimarket establishment should follow the government's spatial planning. In addition, sellers in traditional markets should be supported through programs that develop micro, small, and medium scale businesses. Lastly, The government needs to socialize the service on the market establishment for entrepreneurs.

Keywords: *Economic Policy, Minimarket Establishment*

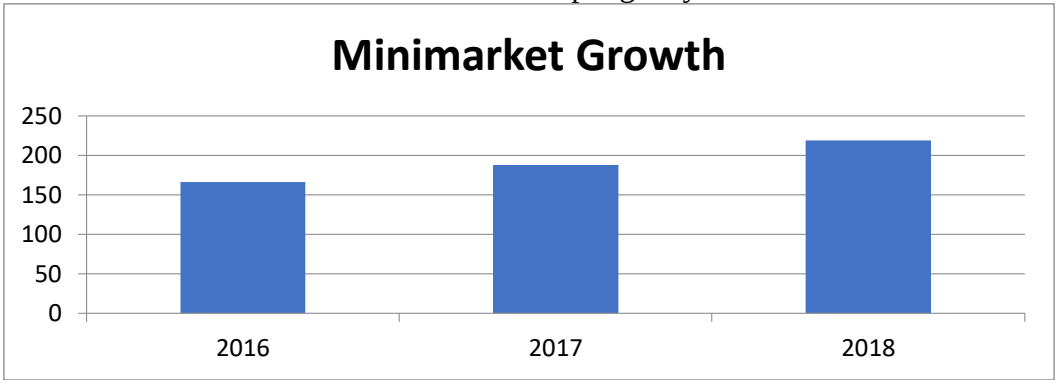
I. INTRODUCTION

The market serves as a place for sellers and buyers to interact in order to meet their needs. There are two types of market: traditional and modern market. The latter refers to a market managed using a modern management system, usually found in the urban area, and serves as the provider of goods and services primarily for middle-class society (Sinaga, 2006). The modern market becomes the society's preference in fulfilling their needs. Increasingly consumptive community, in addition to the technology advancement, opens a wide opportunity for modern market business.

The community's consumptive behavior makes the modern market dominate today's economic development. People’s consumptive behavior and technological advancement provide retail entrepreneurs with opportunities to establish a modern market to fulfill the community's increasing needs. Prior to modern market existence, people used to go to the traditional market to fulfill their needs. The competition between these two types of the market is inevitable.

Minimarket, as one of the types of the modern market, can now be found almost anywhere, from urban to the rural area. The growth of minimarket franchise attracts entrepreneurs’ interest, considering that selling staple needs is a low-risk business compared to other types of business. Such a mindset even accelerates the growth of minimarket, as displayed in the following table:

Chart 1. Minimarket Growth in Bandar Lampung City from 2016 to 2018



Source: DPMPTSP Bandar Lampung (2021).

As presented in the chart above, there were 166 minimarkets in 2016, increased to 188 in 2017 and 219 minimarkets in 2018. This condition indicates a 20% annual increase in average minimarket growth. The presence of minimarket visually threatens the existence of a traditional market with limited capital to perform the business, compared to the franchised minimarket. The following table presents the number of minimarket in each district in Bandar Lampung:

Table 1 Number of Minimarket in Bandar Lampung in 2018.

No	District	Total
1	Enggal	16
2	Teluk Betung Utara	12
3	Teluk Betung Selatan	12
4	Teluk Betung Timur	14
5	Bumi Waras	15
6	Panjang	11
7	Kemiling	9
8	Langkapura	5
9	Tanjung Karang Barat	15
10	Tanjung Karang Timur	18
11	Tanjung Karang Pusat	17
12	Peace	13
13	Kedaton	17
14	Labuhan Ratu	9
15	Rajabasa	20
16	Tanjung Senang	16
17	Sukabumi	9
18	Sukarame	19
19	Way Halim	14
	Total	219

Source: DPMPTSP Bandar Lampung (2020).

As presented in Table 1 above, there are 219 minimarkets in Bandar Lampung. Most minimarkets (20) are located in Rajabasa District, while the fewest number of minimarket is found in Langkapura District. Regarding traditional market, there are 13 traditional markets throughout Bandar Lampung, *namely Pasar Gudang Lelang, Pasar Kangkung, Pasar Pasir Gintung, Pasar Cimeng, Pasar Way Kandis, Pasar Panjang, Pasar Tamin, Pasar Tugu, Pasar Way Halim, Pasar Bawah, Pasar Kemiling, Pasar Smep, and Pasar Koga*. The ratio between modern and traditional markets clearly represent significant

social gap. This gap calls for the importance of regulation regulating traditional and modern markets.

As the minimarket spread, the government regulates and supports the growth of the modern market from various perspectives, including social, economic, and political aspects. The Regulation of Minister of Trade no. 23/2021 on the Guideline of the Development, Arrangement, and Guidance of Shopping Center emphasizes the importance of arrangement and guidance of traditional market, shopping center, and modern store. This regulation is issued to, among other considerations, maintain the investment climate to develop the industrial and goods distribution sectors. The regulation also find it necessary to regulate the administration of traditional market, shopping center, and modern store to maintain justice norms and mutual benefits between suppliers and modern store, as well as to develop a partnership with a small merchant in order to create a healthy competition and balanced interests among stakeholders.

The growth of the modern market may threaten the existence of small and medium-scale businesses. Thus modern market existence should be further analyzed following the City Spatial Planning so that the economic growth can align with the city's aesthetics. Furthermore, the public can directly measure the growth of the modern market without any statistical data as it can be found almost anywhere, notably in the urban area.
Bandar Lampung, as the province capital, has higher mobility compared to other cities in Lampung Province. In this province, any business permit should be applied to the Department of Investment and One-Gate Integrated Service (DPMPTSP), following Bandar Lampung Mayor Regulation no. 49 of 2019 on Partial Transfer of Permit Authority to DPMPTSP. Permit to establish a modern market is one of the permits managed by DPMPTSP. DPMPTSP is authorized to make and issue permits for modern market entrepreneurs.

DPMPTSP has developed a guideline to establish minimarket, as regulated in Mayor Regulation no. 17 of 2009, which was amended by Mayor Regulation no. 89 of 2011 on the Requirement and Arrangement of Minimarket in Bandar Lampung City. The regulation is issued to address the increasing growth of the modern market. This policy is expected to regulate the rampant growth of minimarket in Bandar Lampung. The policy calls business actors to apply minimarket establishment permit to obtain their legal rights and responsibility. High minimarket permit retribution potentially leads to incompliance. However, this should not become the reason for the government and entrepreneurs to violate the regulation. The growth of convenience stores is in line with the community's increasing consumption trend. The growth may threaten the existence of the traditional market, affecting the economic condition of merchants who rely on the traditional market. Department of Investment and One-Gate Integrated Service (DPMPTSP) of Bandar Lampung holds the authority to regulate business actors concerning establishing a minimarket. With regard to the problem described above, the present study attempted to describe the government economic policy regarding minimarket establishment in Bandar Lampung.

II. LITERATURE REVIEW

Public Policy

According to Said Zainal Abidin (2016), policy research, in a broad perspective, represents an effort to provide the information required to support the decision-making process that exists since humans understand the meaning of the decision. Public policy is associated with planning, decision and policy-making process, decision implementation, and evaluation of the effect of such implementation on the public as the target of the policy. The policy is an instrument for organizing society. It is a set of interrelated preferences made by governmental officials (Sahya Anggara, 2014).

According to David Easton, as cited in Leo Agustino (2009: 19), public policy refers to "*the authoritative allocation of values for the whole society*." This definition asserts that only the holder of authority in a political system (i.e., the government) can do something to the community, and the government's decision to do (or not to do) something is realized in the allocation of values. Implementation as a Political and Administrative Process (Merilee S. Grindle).

Public policy is an institutionalized proposal to solve relevant and real-world problems, guided by a conception and implemented by programs as a course of action created and/or enacted, typically by a government, in response to social issues. Beyond this broad definition, public policy has been conceptualized in a variety of ways. A popular way of understanding and engaging in public policy is through a series of stages known as "the policy cycle". The characterization of particular stages can vary, but a basic sequence is: agenda setting – formulation – legitimation – implementation – evaluation.

Based on the definitions mentioned previously, it could be concluded that policy visually deals with issues faced by organizations and decisions made by the government (or authorized organization) to solve problems for the public interest. Carl J Federick in (Leo Agustino), defines policies as actions that proposed by e person, group or government in an environment certain areas where are obstacles (difficulties) and opportunities for bid execution in order to achieve certain goals. This opinion shows that policy ideas involve behaviour that has aims and objective are an important part of the policy definition, because the policy have to show what actually worked on than what was suggested in some activity on a problem.

One of the most known and controversial concepts of public policy is that of Thomas R. Dye, according to whom "public policy is whatever governments choose to do or not to do" (Dye, 1972: 2). Although widely used, Dye's concept is also criticized as being an empty concept. Dye himself admitted that his concept "discourages elaborate academic discussions of the definition of public policy - we say simply that public policy is whatever governments choose to do or not to do".
In an institutionalist view, the foundation of public policy is composed of national constitutional laws and regulations. Further foundational aspects include both judicial interpretations and regulations which are generally authorized by legislation. Public policy is considered strong when it solves problems efficiently and effectively, serves and supports governmental institutions and policies, and encourages active citizenship.

Economic Policy

Neo Marxist approach in political economy highlights the holistic analysis of the importance of macroeconomic aspects in economic and political systems. This approach is comparative (Lane, 1994). According to Caporaso and Levine (1993), political economy originally aims to provide a recommendation to the government to cope with economic issues. It is viewed as an economic analysis of political issues. Political economy is a comprehensive discipline arising from a range

of efforts to obtain synergy and fill the gap that cannot be addressed using economic or political science alone.

The term social can be defined from broad and narrow perspectives (Kartasasmita, 1996). From a broad perspective, the term social refers to development fields related to the human aspect in a collective context. The term social, following this perspective, includes the fields of economy, education, health, law, politic, culture, and agriculture. Meanwhile, social policy in this study covers the field of political economy. According to Dinar and Hasan (2018), Economic policy depicts a government's action in making a policy or decision in the economy. Economic policy is made in order to attain community welfare.

Modern Market

Modern market refers to a complete store providing various foods and other goods (2007). The modern market is known for its completeness, self-service, and food stocks. The concept and meaning of the term market are quite broad, covering economic and socio-cultural dimensions. The market is physically defined as a place where sale-purchase transactions are made. From an economic perspective, a market refers to a group of people willing to meet their needs.

According to Ma'ruf (2005), minimarket is a modern store providing people's daily needs, located in the residential area to compete against conventional shops. Since minimarket provides daily needs, the atmosphere and condition of the minimarket are managed professionally to attract customers. The goods arrangement can affect the customer to return. A low price alone cannot help a minimarket's survival, as today's customers sometimes also consider comfort and cleanliness.

Modern market rampant spread in Bandar Lampung is likely to increase the competition and threaten the existence of traditional market (Ayu Nadia Pramazuly, 2014). The establishment of a modern market could be studied using a political-economic approach.

III. RESEARCH METHODOLOGY

The present study applied the descriptive qualitative method. The object of the present study was the government's economic policy on mini-market establishment, while the subject of the study was individuals who were familiar with the situation of the research object. The present study involved the head of the permit department of DPMPTSP, mini-market (Alfamart and Indomaret), and other relevant stakeholders.

The sources of data in this study included primary and secondary data. The primary data in this study were interview results, while the secondary data included documents and other relevant information. The data were collected through observation and in-depth interviews. The obtained data were analyzed through four stages: data collection, data reduction, data display, and conclusion drawing.

IV. DISCUSSION

The current economic growth affects the development of micro-and macro- scale businesses. The rise in commodity price and increasing demands from the community become the concern of capital owners and the development of the retail business as it is related to public life needs. The role of the government, as the facilitator, is required to control the growth of both traditional and modern markets. Mini-market experienced significant growth recently.

Addressing this condition, Bandar Lampung municipal government is expected to deliver autonomous governance to achieve community welfare. In this regard, Bandar Lampung municipal government should be able to manage the regional finance properly. In developing its region, the government needs financial supports from Regional Original Revenue (Pendapatan Asli Daerah/PAD). Tax and regional retribution are known to significantly contribute to the increase in Bandar Lampung regional original revenue. Tax and retribution may support the development of a region. They serve as highly potential revenue as it increases along with the population and economic growth, and political stability.

Market permits are regulated using the following regulations:

1. Presidential regulation no. 112 of 2007 on the Structuring and Guidance of Traditional Market, Shopping Center, and Modern Shop;
2. Regulation of Minister of Trade of the Republic of Indonesia no. 23 of 2021 on the Guideline of Development, Structuring, and Guidance of Shopping Center
3. Bandar Lampung Mayor Regulation no. 89 of 2011 on the Requirement and Arrangement of Minimarket

In establishing a modern market, entrepreneurs are obliged to apply for an establishment permit. DPMPTSP emerges as the government institution authorized to manage such permits in Bandar Lampung based on Mayor Regulation no. 49 of 2019 on Partial Transfer of Permit Authority to DPMPTSP. The issuance of the Mayor Regulation changes various operational and substantial aspects of the permit service in Bandar Lampung.

In a permit process, regulation plays a pivotal role in limiting the government's and the capital owners' authority. Bandar Lampung Mayor Regulation no. 89 of 2011 is issued to amend the Mayor regulation no. 17/2009. The amendment covers three points in article 2, namely points f, h, and i. The revision was made by considering the high population growth rate.

Standard Operating Procedure (SOP) refers to a guideline to carry out a service. It is used to measure governmental apparatus' performance related to the program's accuracy and timeliness. Mayor Regulation no. 66 of 2011 on the Standard Operating Procedure of the Issuance of Permit in The Department of Investment and Permit of Bandar Lampung City. The SOP is described through pamphlets on types of permit services.

The permit services provided by the Bandar Lampung municipal government are administered in a one-gate integrated service (PTSP) system. This system represents the government's effort to provide services for the community regarding the permit, eliminating time-consuming, convoluted processes. In addition to offering ease to the community, this one-gate integrated service system also calls the community to be involved in the governmental administration through public service. Through the PTSP system, governmental apparatuses are expected to have higher performance, and the community is motivated to have a higher interest in investing in Bandar Lampung, thus increasing the regional original revenue.

The SOP requires entrepreneurs who want to open a modern market to determine the establishment location. Once the location is determined, they need to apply for Building Permit and Disturbance Permit. After that, the applicants should apply for a Certificate of Company Registration (TDP) to DPMPTSP. Prior to applying for Business Permit, the government should check the compliance of the location's condition, area, disturbance index to the prevailing regulation. After DPMPTSP performs the field check and approves the application, they will issue a Modern Shop Business Permit (IUTM).

The government and entrepreneurs have their own interests. While the government wants to improve the investment climate and increase PAD, entrepreneurs want to develop their businesses. In this regard, the government is expected to broaden its perspective by considering the community welfare, especially small merchants whose existence is threatened by the presence of the modern market. Population growth and minimarket growth in Bandar Lampung provides entrepreneurs with opportunities to open their business in every corner of the city. Some violations are even found related to the establishment of a minimarket.

Permit service is one of the services with a big contribution as this service directly interacts with the public and the capital owners. In practice, the success of permit service is measured based on the number of permits issued by DPMPTSP and retribution received by the government. Even in designing the annual regional budget, the revenue from permit retribution has been set. In private sectors, the company's success is measured based on the profit obtained. The government put efforts to maintain the investment climate to support regional development.

From an economic perspective, permit serves as an instrument to control and prevent gaps in economic activities. Meanwhile, permit policy issued by the government is determined through the political process. In this process, parties interested in the permit are likely to strive for their interests. From a formal perspective, the political process of issuing a permit involves the government and the people's representatives. Meanwhile, the community, entrepreneurs, and non-governmental organizations are involved in the informal political process by applying for the permit by following the determined procedure, filing complaints, or choosing not to apply for the permit.

From a political-economic perspective, an excellent governmental administration occurs when there is a balance among the parties whose interest is relevant to the implementation of the policy. A balanced power between regulation and implementation may lead to sustainable development, allowing the interested parties to fight for their interest in a fair manner. In the modern market permit context, balanced power refers to the balance between the government, private parties (entrepreneurs), and the community. However, the fact indicates that the balance occurs only between the government and the private sector. The former receives revenue to meet the pre-determined PAD target and the latter gains profits through its business. Meanwhile, the community, notably small merchants, is likely to be adversely affected by the presence of minimarket.

Since permit service retribution may significantly affect the achievement of pre-determined PAD targets, The government seems to be reticent to close minimarkets proven violating the regulation as they are an investment that can increase the regional original revenue. The violating minimarket can continue to operate in the name of investment. The government must revise the regulation to adjust to the field condition to develop a professional and responsible government image.



Figure 1. Violation of Minimarket Establishment in Hayam Wuruk Street.

The presence of minimarket obviously decreases the income of traditional markets and small shops. Informants' concerns are understandable, as minimarkets' huge capital allows minimarket to apply marketing strategies and management small sellers cannot, starting from promotion, facilities offered, or even a discount. Minimarket facilities cannot be found in traditional markets or small-medium scale businesses. Therefore, the government plays an important role in restructuring the traditional market to attract people to shop in traditional markets. It is also important to provide spaces to develop micro, small, and medium scale businesses.

Another form of violation is that some minimarkets do not have a business permit. This mini market is located in Lingkungan street. The government needs to immediately address this issue by socializing the importance of applying for a minimarket establishment permit. As a support to the PTSP system, the governments continuously spread the information to the community to make them aware of the administrative order. Today's technology advancement allows the public to arrange their administration more easily. The current e-government system is expected to shorten the administration process, yet the implementation faces internet connection issues.

The presence of minimarket does have several benefits, such as providing more professional work regulated and protected by the government. In addition, the recruitment is carried out transparently and offers a promising career path for the employees. Thus, the government indirectly support its citizen to reach welfare.

The implementation of the government program requires supervision. Regarding the minimarket establishment, the community becomes the supervisor as they are directly affected by its establishment. However, the supervision still requires an independent expert team to make a decision.

V. CONCLUSION

Conclusion

The government contributes to the investment climate by issuing an economic policy on the structuring and requirement of establishing a minimarket. In Bandar Lampung, minimarket establishment is regulated in the Mayor Regulation no. 89/2011 on the Requirement and Arrangement of Minimarket. However, the implementation did not comply with the regulation. This incompliance did not necessarily result in business closure as the government views it can increase their regional original revenue. The growth of minimarket threatens the existence of the traditional market. Sellers in the

traditional market lacked the government's attention, as there is no regulation protecting their rights as a small sellers. A range of problems arise from poor implementation of the regulation and mechanism of minimarket establishment.

Recommendation

Based on the discussion above, several recommendations were made:

1. A revision should be made by taking the traditional market's rights into consideration.
2. The government should provide space and support for sellers through programs that develop micro, small, and medium-scale businesses.
3. It is also important t socialize the importance of administrative order in this digital era.
4. Lastly, the government needs to establish an independent, responsible supervisory team.

REFERENCES

Books

Abidin, Said Zainal. 2016. *Kebijakan Publik.* Salemba Humanika. Jakarta.

Anggara, Sahya. 2014. *Kebijakan Publik.* CV Pustaka Setia. Bandung.

Dinar, M. dan Muhammad Hasan. *Pengantar Ekonomi: Teori dan Aplikasi* (PDF). CV. Nur Lina. hlm. 9

Dye, Thomas R. (1972). *Understanding Public Policy*. Upper Saddle, New Jersey: Prentice Hall. p. 2. ISBN 978-0-205-71685-2.

George, Edward C. 1980. *Implementing Poblic Policy.*Congressional Quarterly Inc. Washington D.C. Hal. 2

Grindle, Merilee S. 1980. *Politics and Policy Implementation in The Third World*. Princnton University Press. New Jersey.

Jones, Charles O. 1991. *Pengantar Kebijakan Publik.* Rajawali. Jakarta. Hal. 3

Lane, Jan- Erik et.al. 1994. Ekonomi Politik Komparatif, terj. Jakarta: Raja Grafindo Persada

Lukman, Sampara. 1999. *Manajemen Kualitas Pelayanan.* Elek Media Komputindo. Jakarta.

Rachbini, Didick J. 2002. Ekonomi Politik: Paradigma dan Teori Pilihan Publik. Jakarta. Penerbit Ghalia Indonesia.

Rinfret, Sara; Scheberie, Denise; Pautz, Michelle (2018). "Chapter 2: The Policy Process and Policy Theories". *Public Policy: A Concise Introduction*. SAGE Publications. pp. 19–44. ISBN 978-1-5063-2971-0.

Tesis:

Ayu Nadia Pramazuly (2014) judul *"Implementasi Kebijakan Perizinan Pendirian Pasar Modern Di Kota Bandar Lampung"* (Tesis) Ilmu Pemerintahan. Universitas Lampung.