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**IMPLEMENTATION OF PALANGKA RAYA CITY GOVERNMENT POLICY
TO IMPROVE TRADITIONAL RETAIL COMPETITIVENESS: STUDY ON
IMPLEMENTATION OF REGIONAL REGULATION OF PALANGKA RAYA CITY #17
YEAR 2014 ON MODERN RETAIL REGULATION**

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ABSTRACT

The research conducted is Policy Implementation of Palangka Raya City Government in curbing modern retail. This is in accordance with the applicable laws and regulations of Palangka Raya City. The main focus of this research is the implementation of Palangka Raya City government policy to improve traditional retail competitiveness by controlling the existence of modern retail through Regional Regulation of Palangka Raya City No. 17 2014. This research uses an interactive research with a qualitative descriptive approach. The results of this study indicate that the implementation of the policy has not been in line with expectations. The development of modern retail business still dominates the economy of society. There has been no successful effort to significantly empower traditional traders in an endeavor to enable them competing for potential consumer market in Palangkaraya. Policy violence occurs which involve zone or service hour violation, and partnerships that have not been maximized by modern retailers to traditional retail.

KEY WORDS

Implementation, modern retail, traditional retail, regulations.

Public policy implementation is one of the stages of the public policy process. Public policy implementation is a very crucial stage. A good policy would not be realized to its full potential should the implementation process was not planned properly. On the other hand, good preparation and policy implementation planning would not be able to realize policy objective should said policy is not adequately formulated. Thus policy implementation is a link which correlates policy formulation and outcome.

Grindle (1980) stated that the success of policy implementation is derived from policy content and context. Policy content covers the extent of a target group's interest are contained in the policy and the type of benefits to be received. It also includes the extent of desired changes policy content, including a program or required resources supporting implementation process of ratified policy.

Presidential Regulation No. 112/2007 on the development of Traditional Markets, Shopping Centers, and Modern Stores, has not been able to generate a positive impact on traditional retailers. The development of modern retailers poses a major threat to traditional urban retailing. Although rules on distance, zoning, and boundaries are regulated through Presidential Decree No. 112 of 2007. But in reality, it is not well realized. Even today the existence of traditional retail coincide with modern retail. The government issued another supporting regulation that is Commerce Ministry Regulation no. 53 year 2008 on the guidance of structuring and fostering of traditional markets, shopping centers, and modern stores. This regulation regulates a number of issues such as establishment, zoning, and traditional markets, shopping centers, and modern stores licensing.

Alfamart and Indomaret are dominating retail shops in Indonesia. Based on researchers' observation, Alfamart and Indomaret increasing growth causes the public pay less interest in small, micro, medium enterprises. Alfamart and Indomaret growth can be found up to Regency level. Since mid-2015 Alfamart and Indomaret started their development as a modern retail growing in Palangkaraya community. The number of Alfamart and Indomaret outlets in Palangkaraya City until June 2016 is estimated to have

reached approximately 90 stores throughout the district. The total number of commerce facilities in Palangka Raya City from 2011 to 2015 consists of 24 markets, 4,317 stores, 1,714 kiosks and 1,587 stalls. This is influenced by the rapid progress of trade and promising business opportunities in Palangkaraya.

Palangka Raya Municipal Government should not only pay attention to economic improvement alone. The government should also pay attention citizen's welfare. Nevertheless, Palangkaraya City government makes endeavor to protect traditional retail business actors by issuing Regional Regulation of Palangka Raya City No. 17 of 2014 concerning Modern Store Settings. By issuing Regional Regulation, the city government expects to maintain balance between modern retail growth and traditional retail business actors in order to improve Palangkaraya City economy. Regional Regulation of Palangka Raya City No. 17 year 2014 aided traditional retail business in Palangkaraya City. The implementation was conducted to find out the extent to which the implementation and impacts have been successful for modern and traditional retail.

METHODS OF RESEARCH

Strauss and Corbin (2003) stated that qualitative research is conducted to find, understand, and obtain a clear and deep picture on problems to be studied and researched. Researcher used qualitative research because it is considered able to examine phenomenal and logical issues. It can be used to express and understand something behind unknown phenomena. Therefore during research process, the researcher was able to draw the reality as characteristic, character, nature, model, and description about a condition of certain situation or phenomenon. The focus of this research are: (1) Implementation of Palangka Raya City Government Policy to Improve Traditional Retail Competition Through Regional Regulation of Palangkaraya City Number 17 Year 2014 About Modern Store Settings. (2) Supporting Factors and Inhibiting Factors of Palangka Raya City Government Policy Implementation To Enhance Traditional Retail Competitiveness Through Regional Regulations Palangka Raya City No. 17 Year 2014 About Modern Store Settings. The selected research location is Palangka Raya City which took place at the Industry and Trade Office of Palangkaraya City. Source of data was obtained in the form of primary data and secondary data. Primary data was obtained from interviews with informants, observation, and documentation. Secondary data is obtained from books, planning documents, journals, and scientific articles. The research instrument is the researcher himself and interview. The supporting guidelines consist of notes and tape recorders. In this study, the authors chose to use Miles, Huberman, and Saldana (2014) versions of the qualitative research model. Data analysis consists of four steps: data collection, data presentation, data condensation, and provide conclusions or verification.

LITERATURE REVIEW

In this study, researchers used Grindle (1980) policy implementation theory. Grindle (1980) states that the success of policy implementation depends on policy content and implementation context. The contents of policies which may affect implementation, according to Grindle (1980), include: (1) Interest affected by the program. Understanding target group interest will facilitate the achievement of efficiency and effectiveness of each program implemented; (2) Type of benefits generated. Policies providing collective benefits or to a large number of citizen will be easier to implement because it would obtain support from target groups or communities; (3) Reaching the desired change; Each policy has a target to be achieved. Therefore the desired change of a policy should have a clear scale; (4) The position of the decision maker. The more dispersed the policy makers, it will be the more difficult to implement them. Such cases often occur in policies involving a number of agencies; (5) Program implementer. In carrying out a policy or program, they must be supported by a competent policy implementer for the success of the policy itself. A policy must also be clearly established, and provide a clear description on policy implementer.

(6). Resources provided. The availability of resources needed to implement the policy will, by itself, facilitate its implementation. This resource is in the form of manpower, skill, fund, means, etc. Furthermore, in the Context of Implementation, in which and by whom the policy is implemented will also affect its success rate. No matter how good and easy the policy is and how supportive the target group is, the results of the implementation will depend on the implementer. Implementation context, according to Grindle (1980) that affects implementation is: (1) Power, interests, and strategies of the actors involved. In a policy, it is necessary to consider the power or authority, interests and strategies used by the actors involved to smooth the course of policy implementation; (2) Characteristics of institutions and authorities. A policy is the result of political calculations of interest and competition between groups to obtain limited resources, responses from implementers, responses from elites and responses from communities where everything is interrelated and interacting. Implementing a program may create conflict for those whose interests are affected. The conflict resolution strategy of «who gets what» can be an indirect indication of the characteristics of government or institution implemented the program, both on the partisanship of the executing authorities and leadership style; (3) Compliance and executive response. The implementer must be able to sense needs of the target group in order for the implemented program to be successful and to obtain support from the target group.

RESULTS AND DISCUSSION

Implementation of Palangka Raya City Government Policy to Improve Traditional Retail Competition through Regional Regulation of Palangkaraya City Number 17 Year 2014 about Modern Store Settings. The modern retail liberalization beginning in 1998 has brought foreign entrepreneurs into Indonesia urban centers. This is one reason local modern retailers are gathering in residential areas. Modern retailers expand their business development strategy to sub-district, suburban, and even remote villages. This is conducted as hypermarket and supermarket dominates city centers. In addition, minimarket deliberately approached the end consumer i.e the community. This fact cornered traditional retail in the form of kiosks and shops. Limited capital, human resources, and weak business management skills make their competitiveness worsen and pressured by the modern retail industry.

This phenomenon also occurs in Palangkaraya City. Palangkaraya was selected as research location because the city possesses fast growing economic potential. It is also the capital of Central Kalimantan Province. Palangkaraya possesses 90 modern retail stores such as Hypermart, Alfamart, Indomaret, and Foodmart. The arising issue is the fate of traditional retailers who have been living in Palangka Raya. Would they be able to compete with the presence of modern retail, whereas according to data obtained by researchers the number of traditional retail in Palangka Raya City reaches thousands.

Palangka Raya City Regulation No. 17 of 2014 on establishing modern stores in Palangka Raya City, stated that the requirements of modern retail are as follows:

1. Minimarket should be located 0.5 Km from traditional retail and 0.5 Km from a similar small business located at the edge of collector/artery roads.
2. Supermarkets and department stores should be located at least 1.5 Km from traditional retail located on collector/artery road.
3. Hypermarket should be located at least 2.5 km from traditional retail located at the edge of collector/artery roads.
4. On the edge of a neighborhood street with an area of outlets up to 200 m² square, a minimum distance of 0.5 km from traditional retail and similar small businesses.
5. Every manager of a shopping center and a modern store is required to implement a partnership with a small business.
6. The partnership shall be implemented in the form of marketing cooperation, business location provision, product acknowledgment, and carried out under a written agreement on the principle of mutual need, empowering and beneficial.

7. Service time begins at 09:00 to 21:00 pm unless a special permit is issued by acting Mayor.

Based on field data obtained through interviews and observations, Local Government of Palangka Raya City political will has not been clearly exhibited, which is evident based on the following facts:

1. Regulated distance violations committed by modern retailers by setting up their business buildings adjacent to traditional retail. The government does not seem to acknowledge the incident and deliberately allowing this to occur constantly. This indicates that Regional Government has not taken firm action.
2. Violation of operational hours and not implementing partnership despite the fact that the regulation has been running for almost three years. The perpetrators have not received any sanction from the Regional Government.
3. Traditional retailers have decreased their income by 30-50% since the emergence of modern retail near their place of business, this condition exhibits Local Government deliberation to let the condition remain as is.

Based on these data, it indicates that the policy contained in Regulation No. 17 of 2014 has not been implemented properly. This is evident in the facts that policy targets, such as modern retailers, are not adhering modern retail regulation policies imposed by the Palangkaraya City Government since 2014. Therefore other policy objectives regarding traditional retailers are also affected. Traditional retail is facilitated by Regional Regulation, these businesses become cornered as regulation implementation could not be fulfilled by one of the other policy targets. In this case minimarket.

Supporting and Inhibiting Factors Implementation of Palangka Raya City Government Policy To Increase Traditional Retail Competition Through Regional Regulation Palangka Raya City No. 17 of 2014 About Modern Store Regulation. The successful implementation of Palangka Raya City government policy to improve traditional retail competitiveness is supported by economic potential in increasing Regional Income or *Pendapatan Asli Daerah* (PAD) earned from traditional retail businesses. There are citizen who depend their lives on traditional markets, by entrusting their needs fulfillment in it. Traditional market promotes cheaper price and there is existing an emotional relationship between traders and buyers, as traditional markets are identical with bargaining. On the other hand, the inhibiting factors on implementation business partnership between modern retail and traditional retail have not been maximized. There's also inconsistency in implementing zoning policy and service time between modern retail and traditional retail.

CONCLUSION

Based on research result and discussion described in the previous chapter, it could be concluded that Palangkara Raya policy implementation to improve the competitiveness of traditional retail:

The policy of the Municipal Government of Palangkaraya to improve traditional retail competitiveness has not proceeded as expected. Violations on Regional Regulation No. 17 of 2014 still occur. The violation is in the form of zoning and hours of service violation conducted by modern retailers against traditional retail, whereas this regulation has been running for 3 (three) years but has not received strict sanction from the local government.

Traditional retail business is still unable to compete with modern retailers. This is evidenced by a number of complaints from traditional business actors regarding the decline in their income and the emergence of modern retail near its business location. Local government seems to deliberately let the situation remain as is.

Municipal Government of Palangka Raya City policy implementation supporting factor in an endeavor to improve traditional retail competitiveness is economic and social potential. On the other hand, the inhibiting factor is the implementation of business partnership between the two retailers has not been maximized and the inconsistency of zoning implementation and service time between the two retailers.

Furthermore, researchers concluded that traditional retail competitiveness is low. Based on field research result, researchers found one of the important points in supporting the implementation of this policy by strengthening the partnership method. A strong partnership model will support traditional retailers.

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