

# Protection, Empowerment, and Revitalization of Traditional Markets in Turen Sub-District, Malang Regency

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## ABSTRACT

Traditional markets play an important role in increasing economic growth and have natural competitive advantages. The existence of traditional markets is currently experiencing a dilemma with the emergence of modern shops that are so fast and cause many complaints from traditional market traders. The trend of shifting public spending from traditional markets to modern markets is due to apprehensive traditional market conditions. This study aims to analyze the implementation of policies on the Protection, Empowerment and Structuring of Traditional Markets in Turen Sub-district, Malang Regency based on Malang Regency Regional Regulation Number 3 of 2012 concerning Protection and Empowerment of Traditional Markets and Arrangement of Shopping Centers and Modern Stores. This type of research is qualitative research with descriptive methods. The results showed that there are problems that are troubled by traditional market traders, namely: (a). The existence of small traders that disturbs market traders; (b). Inadequate condition of market facilities and infrastructure; (c) Being ensnared by very high interest rates by moneylenders; (d). Environmental Hygiene; (e). human resources officers and market managers; (f) The existence of a modern shop; (g) Lack of market maintenance funds. There needs to be a new Regional Government policy as an effort to revitalize traditional markets. On the other hand, innovation is needed for players in traditional markets to be able to compete with modern markets.

**Keywords:** Empowerment; Revitalization; Traditional markets

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## 1. INTRODUCTION

As a shopping facility, the existence of a market has played an important role in people's lives. For the community, the existence of a market is not just a place where sellers and buyers meet but the market is also a place for social interaction and a representation of traditional values.

Traditional markets are markets that are built and managed by the Regional Government, the private sector, State-Owned Enterprises and Regional-Owned Enterprises, including cooperation with the private sector in the form of business places in the form of shops managed or owned by small, medium traders, cooperatives with small-scale businesses, small capital and through the process of buying and selling merchandise by bargaining.

Currently traditional markets are experiencing marginalization through the impartiality of the Central Government and Local Governments in maintaining even the minimum limit of a public service, namely cleanliness and adequate waterways for a traditional market. What happens is that there are various forms of discrimination, ranging from names such as "wild" for traders and markets that are considered to pollute the beauty of the city. The existence of traditional markets is currently experiencing a dilemma, where the emergence of modern shops is so fast and has caused many complaints from traditional market traders.

On the other hand, the development of modern shopping centers and shops in Indonesia is progressing rapidly. In a short span of time, modern shops have spread to all regions in Indonesia. Nowadays, modern shops with various kinds and types have become a necessity for the community. Many parties feel the rapid development of modern markets has an impact on the existence of traditional markets. Carrefour, Hypermart, Giant, and others have succeeded in offering not only daily necessities, but also combining the concept of relaxation through various entertainment facilities and other services in one area. Plus, various secondary facilities that ensure cleanliness of the location, consumer comfort and lifestyle.

The existence of modern shops which are very close to traditional markets has influenced the sales

of traditional market traders, especially small-scale traders. At this time there are quite a lot of modern shops which are less than 500 meters from the traditional market. The existence of these modern shops will increasingly squeeze small traders in traditional markets and grocery store traders around them. Even though traditional markets are regional assets that support many people. Traditional markets are a form of people's economy, where many people depend on traditional markets for their lives. In addition, traditional markets are one of the contributors to local revenue.

Traditional markets play an important role in advancing economic growth in Indonesia and have natural competitive advantages. The existence of this traditional market is very helpful, not only for the local or central government but also for the people who depend on their lives in trading activities, because in traditional markets there are many actors who have important meanings and strive for the welfare of their lives, both traders, buyers, pelvic workers and etc. They are all actors who play an important role in maintaining the existence of traditional markets in Indonesia (Ester and Didik. 2003).

To overcome the problems faced by these traditional markets, the Regional Government has an obligation to become a regulator by exercising its authority. The government which has a development function, a service function, a protection function, and a social function must be able to cope with the deteriorating performance of traditional markets.

In Malang Regency, many modern shopping centers and shops have been established. To maintain a conducive economic climate, the Regional Government of Malang Regency has issued Malang Regency Regional Regulation Number 3 of 2012 concerning Protection and Empowerment of Traditional Markets and Control Arrangement of Shopping Centers and Modern Stores. This regulation is very much needed considering that the development of modern shopping centers and shops is very rapidly developing.

The implementation of the Regional Regulation has not been effective and maximally seen from the fact that the number of modern shops has grown from year to year and the number of violations that have been committed. There is a violation of zoning / distance to the traditional 1,000-meter market, and the ineffective socialization of the policy. Malang Regency Government should review these regulations and replace them with new, more effective regulations.

## **2. LITERATURE REVIEW**

### **Traditional market**

Traditional markets function as a meeting place for sellers and buyers to conduct transactions, in which case the existing market organization is still very simple, the level of efficiency and specialization is low, the physical environment is dirty and the building pattern is narrow (Aryani, 2011). Meanwhile, according to Permendagri Number 70 / M-DAG / PER / 12/2013. Market is an area where the sale and purchase of goods with more than one number of sellers are referred to as Shopping Centers, Traditional Markets, Shops, Malls, Plaza, Trade Center or other designations.

According to Aryani (2011) several potentials and characteristics of traditional markets, namely: (1) The ability of traditional markets to absorb local commodities from the surrounding area; (2) Serves as a supplier for various agricultural inputs, housing, and the basic needs of the community at large; (3) Traditional markets have their own market segmentation, which differentiates them from modern markets; (4) Traders in the market are generally women, so it is very beneficial to increase business opportunities for women, meaning that women generally have an advantage over men in serving consumers; (5) Market potential will be increasingly important because of the fast market turnover with the cash payment system. The strength of traditional markets can be seen from several aspects including cheaper and negotiable prices, close proximity to settlements, and providing a large selection of fresh produce. Another plus is a great shopping experience, where we can see and hold firsthand the products that are generally still very fresh. However, this does not mean that traditional markets are not without weaknesses. So far, traditional markets are better known for their weaknesses (Ekapribadi, 2007).

The weaknesses include the impression that the market looks muddy, dirty, smelly and too busy with buyers. Add to this the threat that the social conditions of society are changing, where women in urban areas generally have careers so that they almost do not have time to shop at traditional markets (Cadillah, 2011). Apart from the above weaknesses, design and market appearance factors, atmosphere, spatial layout, layout, variety and quality of goods, promotional expenses, limited market operating hours, and optimization of the utilization of selling space are the biggest weaknesses of traditional markets in facing competition with modern markets (Ekapribadi, 2007).

### **Comparison between traditional market and modern store**

In general, the differences between modern shops and traditional markets can be seen in the following Table 1.

**Table 1.** Comparison between traditional market and modern store

Criteria	Traditional Market	Modern Store
Service System	There is a bargaining transaction between the seller and the buyer directly	The visitor serves himself
Physical condition	Consists of many stalls owned by personal	Buildings in the form of buildings with more modern conditions
Service coverage	Narrower, serving at least 1 district	Wide, covering more than cities/ regencies
Goods for Sale	Items that are sold are more for daily needs.	The goods sold are various with guaranteed quality

Source: Ekonomi Kota Magazine (2018)

**Government roles and interventions**

The strategic role that local governments can play is that the regions act as entrepreneurs, coordinators, facilitators, and stimulators (Munir, 2002). The role of the government as an entrepreneur contains the consequence of the responsibility to conduct its own business in managing economic resources. Many things can be done in empowering regional assets and potential economic resources so that they can provide benefits to the community.

Without government intervention, it is impossible for traditional markets to survive. Unfortunately, until now there has been no regulation that protects traditional markets or limits the quota for the number of modern markets in an area. In this era of free trade or globalization, market management offices and local governments do not have the authority to intervene or prohibit the development of modern markets. The result is that the growth of the modern market is out of control. In fact, its existence has reached the city of the sub-district or village which has resulted in the position of traditional markets being on the edge of death.

On the other hand, the government also seems half-hearted in developing traditional markets. On the pretext that the cost of managing the renovated market is too large, the government has granted the market developer (investor) the right to manage the market. As a result, the government's intention to improve traditional market conditions in order to be able to compete with modern markets turned out to be a disaster for the market's original traders. This is because the selling price of the kiosk they occupied in the past has soared so that they cannot be bought. As a result, the market which has been renovated has become neglected. Meanwhile, the conditions that have not been renovated are getting worse.

**3. METHODS**

Data collection methods used in this study were interviews, documentation and observation. Interviews were conducted with the Head of Market Management Disperindag Malang Regency, Head of Administration of Pasar Turen, Market Turen Traders, Head of Sedayu Market, Sedayu Market Traders, Marketing Staff Alfamart Turen and Marketing Employees Indomaret Turen. Documentation is a method of collecting data derived from documents related to this research such as monthly reports, policy regulations, articles, books and journals. Observation is a data collection method that is carried out by directly observing the object of research to see the activities carried out.

**4. RESULTS AND DISCUSSION**

Based on data from the Malang Regency Industry and Trade Service, there are 33 traditional markets in Malang district. There are 2 traditional markets in Turen District, namely Turen Market (Class I Market) and Sedayu Market (Class IV Market). Some of the markets in Malang Regency are deemed inadequate because they have suffered a lot of damage due to age. The average market in Malang Regency is more than 30 years old and above. The condition of the building is old and prone to collapse. The condition of the drainage channels, both around the market and in the market, does not meet the requirements anymore. A lot of rubbish becomes clogged in the channel, so that if it rains it will cause standing water. The road in the market is also inadequate condition, so that when it rains, the road is muddy and during the dry season the road is dusty.

The results of the interviews in the field indicated that there were problems that were troubled by traditional market traders, namely: (1) The existence of street vendors is troubling market traders; The problem of the existence of street vendors is a fundamental problem faced by market traders who feel that their trade is increasingly lonely, because there are more and more street vendors and less buyer

interest; (2) Inadequate condition of traditional market facilities and infrastructure; Most of the markets in Malang Regency are in very poor condition. When it rains, the road becomes muddy and there is a lot of puddle. Many of the drains are clogged with piles of garbage; (3) Trapped in very high interest by moneylenders; In the market, you can find many pennies who are withdrawing money and who have become known as moneylenders. they every day attract Rp. 2,000 or Rp. 5,000. Borrowers, starting from market traders with small-scale merchandise, argue that lending to moneylenders is faster and without much bureaucratic process; (4) Cleanliness of the market environment; Sellers and buyers often don't care about the cleanliness in the market environment. Market officers have an obligation to care about the cleanliness of the market, especially waste collection and transportation to Temporary Disposal Sites (TPS). Complaints submitted by garbage officers are related to cleanliness, especially with regard to the number of equipment needed. Socialization to market traders about how to properly dispose of waste must also be done; (5) Human resources officers and market managers; Based on secondary data held by the Industry and Trade Office of Malang Regency, the average level of education of market officers is more high school graduates. Based on observations in the field, many heads of Market Management Units have never been given training on proper market management. Especially about how to avoid the danger of market fires. In the future, the Department of Industry and Trade needs to program human resources training for traditional market managers; (6) The existence of a modern shop; The future development that needs to be watched out for in order to maintain the existence of traditional markets in the regions is the development of modern markets. The share of sales of daily necessities by modern markets is increasing over time, while sales of the same goods by traditional markets / shops are decreasing. The 23 March 2020 edition of the Radar Malang Newspaper writes the following: "The proliferation of minimarkets has led Malang Regency Government to take protective steps against market traders. The district government and legislators have one voice to formulate a regional regulation on the protection of traditional and modern markets. Legislators have formed a special committee to fence off the minimarkets so that they do not kill small traders. The Department of Industry and Trade of Malang Regency finally revealed the reason for the importance of the regulation on limiting minimarkets in Malang Regency. Disperindag noted that currently the average turnover of traditional markets has fallen by 15% as a result of consumers being "eaten" by minimarkets. The agency even analyzes that if the district government does not immediately compile a regulation on minimizing minimarkets, it will result in the traditional market going out of business"; (7) Lack of market maintenance funds; The district government through the Department of Industry and Trade has not allocated funds for market maintenance. There was once a suggestion from a trader in the Turen market that a certain percentage of the original revenue target contributed by the market be returned to the market for maintenance; (8) There needs to be a regulation on the arrangement and empowerment of traditional markets and modern shops; The solution to all of the above problems between the internal problems faced by traditional markets and modern shops is through regulatory aspects, namely the making of Regional Regulations (Perda). Perda can be used as a guide to regulate and foster the existence of traditional markets and modern shops. Both types of trade have the same right to live and develop in this Republic. What needs to be focused together is so that conflicts do not occur.

### **Implementation of Malang Regency Regional Regulation Number 3 of 2012 concerning the protection and empowerment of traditional markets**

In principle, policy implementation is a way for a policy to achieve its goals. Most of the traditional markets in Malang Regency need immediate treatment. Considering this traditional market, the conditions are very vulnerable. If it rains, rainwater can break through the market because the roof is leaking. If the conditions of traditional markets are not immediately addressed, it is certain that traditional markets will not be able to compete with modern shops. Even though at this time, modern shops have entered the central economic area to the sub- district level. Traditional markets must be revitalized in order to be able to compete with modern shops.

One of the improvements that must be done immediately is the cleanliness of the market and the arrangement of traders according to the merchandise being sold. Apart from that, the small traders around the traditional markets must also be arranged because they are considered as a factor that disturbs market traders. Most of the market conditions are no longer representative. If it rains, the roof of the market leaks and rainwater hits the merchandise. The traders hope the district government will immediately repair the damage to the market.

### **Traditional market protection and revitalization strategy**

The formulation of the traditional market revitalization policy problem includes several things, namely: (1) The problem of traditional markets is currently experiencing a decline in performance in terms of quality, quantity and price. In terms of quality or quality of merchandise market traders when compared

to merchandise in modern stores is very different. The quantity of traditional market merchandise has also decreased turnover; (2) The performance of traditional markets is decreasing due to the many problems faced, such as: there is no market maintenance cost, the target of local revenue is increasing every year, many moneylenders roam the market and look for target groups to small traders. Many market traders are trapped by debt. A decline in the performance of traditional markets which could impact the productivity of market traders; (3) Until now, there has been no comprehensive survey on the income of market traders, so it is very difficult to predict how much decline in market traders' income both before and after the existence of modern shops. The question is whether the market income profit is sufficient, or whether the farmer's income is still at the level of covering the production costs.

From the description above, several strategies for the protection and revitalization of traditional markets in Malang district can be formulated, namely: (1) Traditional markets need to be revitalized which is oriented towards internal and external conditions. The internal conditions of traditional markets that need to be addressed are the physical conditions of the market. In addition, the empowerment of market traders and street vendors is necessary, so that they can maintain the competitiveness and resilience of market traders against their competition with modern shops. External conditions that cause market traders to decline in income need restructuring and guidance; (2) If a modern shop sells the same products as traditional markets, such as: vegetables, fruit, meat and fish, the location must be outside the maximum range of traditional market services; (3) The Office of Industry and Trade will process the licensing aspect if there are no complaints from the public, provided that the location permit has been processed; (4) For modern shops that are already operating, either close to traditional markets or those that are far from traditional markets, can extend their license, if there are no complaints from the public; (5) Modern shops are required to make partnerships with micro entrepreneurs to sell their products, especially those related to superior village products; (6) Individuals or business entities that will set up a modern shop are required to analyze the socio-economic conditions, especially verify whether the surrounding community agrees with the existence of a modern shop.

## 5. CONCLUSION

The trend of shifting public spending from traditional markets to modern markets is due to apprehensive traditional market conditions. Traditional markets are often associated with slum markets and disorganized management. Contrary to modern market conditions which are clean, comfortable, professional management and attractive packaging. The advantages possessed by modern markets are the weaknesses of traditional markets. Although it has a number of weaknesses, traditional markets also have advantages that modern markets do not have. The advantages of traditional markets lie in cheaper, fresher and negotiable prices and the socio-cultural aspects of the local area. Seeing the advantages of traditional markets, the role of the government is needed to provide protection of traditional markets by revitalizing traditional markets both physically and in their management.

The results of interviews in the field indicated that traditional market traders had been troubling about problems, namely: (1) The existence of illegal traders that disturbs market traders; (2) Inadequate condition of market facilities and infrastructure; (3) Being ensnared by very high interest rates by moneylenders; (4) Environmental Hygiene; (5) Human resources officers and market managers; (6) The existence of a modern shop; (7) Lack of market maintenance funds; (8) It is necessary to have a regulation on the arrangement and empowerment of traditional markets and modern shops.

Supervision and guidance have been carried out by the Malang Regency Government, but the reality in the field is that there are still many modern shops that have problems with licensing. This situation shows that the supervision related to licensing of modern shops has not been implemented optimally. The implementation of Regional Regulation No.3 of 2012 has not been effective and maximally seen from the fact that there is a growing number of modern shops from year to year as well as the number of violations committed as well as the zoning / distance violation of the traditional market of 1,000 meters. Malang Regency Government should review these regulations and replace them with new, more effective regulations.

There is a gap between the current traditional market conditions and the expected market conditions. Revitalization of traditional markets is an absolute requirement. There are several strategies to protect and revitalize traditional markets that can be done in Malang district, namely: (1) Revitalization of Traditional Markets must be oriented towards internal and external conditions; (2) A modern shop that sells the same products as a traditional market, its location must be outside the maximum range of traditional market services; (3) The Department of Industry and Trade will process the licensing aspects of Modern Stores if there are no complaints from the public; (4) Restrictions on the working hours of modern

shops need to be put in place restrictions, for example opening hours starting at 10.00 noon to 22.00 hours and not opening 24 hours as is the case at this time; (5) For modern shops that are already in operation, they can extend their license if there are no complaints from the public; (6) Modern shops are required to make partnerships with micro-entrepreneurs in Malang Regency to sell their products, especially those related to superior village products..

Based on the above conclusions, there are several policy suggestions and recommendations that can be implemented, namely: (1) There needs to be a new Regional Government policy as an effort to revitalize traditional markets and organize shopping centers and modern shops. To be able to regulate, provide a comprehensive legal umbrella in the implementation of the People's Market and Modern Stores. The new Regional Regulation is an urgent need; (2) The need for synergy between the government and the Market, Public Works, and Industry and Trade Office to restore the existence of traditional markets; (3) With the new Regional Regulation, the development of modern shops and traditional markets can be controlled and organized in order to create synergy between modern shops, traditional markets and micro business actors; (4) The government as the regulator must accommodate all developing aspirations without any aggrieved party. Local governments must protect and empower traditional traders, considering that there are so many of them. Support from the legislature is also needed by making pro-poor and pro-public policies; (5) The need for innovation for actors in traditional markets in order to be able to compete with modern markets related to the business being carried out so that traditional markets continue to exist and develop.

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