Realization of Traditional Market Revitalization Program: Efforts to Strengthen Stakeholder Collaboration

Bambang Santoso Haryono¹,* I Gede Eko Putra Sri Sentanu²

¹ Universitas Brawijaya, Indonesia
² Universitas Brawijaya, Indonesia
*Corresponding author. Email: sentanu@ub.ac.id

ABSTRACT
The traditional market arrangement is necessary to be more buyers-oriented to reduce the impression that the traditional markets are places that are very poorly structured. Hence, revitalization of traditional markets is needed to improve as well as develop the regional economy. The main objective of this research is to discuss the implementation of the revitalization policy of the traditional markets in East Java Province to strengthen stakeholder collaboration. The research methodology is qualitative with a case study approach. The techniques of collecting data are interviews with the stakeholders and using existing secondary data in an in-depth analysis. The results showed three components (who, when, and how) of stakeholder interaction in the revitalization of public markets. They include the traditional market manager who regulates the revitalization program in collaboration with the local governments (Disperindag) and the traders involved as supporting participants in the market revitalization process in East Java Province. Hence, the necessity performed on the stakeholder results in an alternative relationship in the revitalization using technical guidance, socialization, and action programs. These aim to maintain harmony in stakeholder interactions so that the public market revitalization program can be realized sustainably. The stakeholder analysis impacts the benchmarks of the success of the programs and project activities within groups and organizations.

Keywords: Case Study, Revitalization, Stakeholder Collaboration, Traditional Market.

1. INTRODUCTION
Various aspects may influence the perspectives on economic growth. As a developing country, Indonesia shows great potential in achieving high economic growth. It can be seen from the level of needs of the Indonesian people in their daily lives. The development of the trade centers, for example, shows the current economic situation. The public market is one of these supporting aspects of the development of the Indonesian economy. From this particular economic point of view, Engkus (2020, p.9) sees that the increasing number of trade centers encourages the provision of workspaces for many people. Thus, the market becomes a job site for the surrounding communities [1].

A market is a place where the sellers and the buyers meet. However, there is more to consider, where the local government is expected to provide a better supporting facility to ensure the buying and selling activities run well and the need to interact as a public space [2]. Through the related agencies, the local government serves as a form of responsibility and authority in carrying out the role of facilitator
and catalyst for the region. In addition, the traditional markets are also a source of local revenue. With its various regional autonomy policies, Indonesia differentiates markets into two: traditional and modern markets. Based on Peraturan Menteri Perdagangan Republik Indonesia (Trade Minister Regulation) Number. 70/M-DAG/PER12/2013 regarding the guidelines for structuring and fostering the traditional markets, shopping centers, and modern shops, it is stated that areas where the sale and purchase of goods with more than one number of sellers are either mentioned as shopping centers, traditional markets, and shops, malls, plazas, trade centers or other designations.”

The traditional markets are the markets established and supervised by the government. Moreover, the local government, the private sector, the state-owned enterprises (BUMN), and the regional-owned enterprises (BUMD) cooperate with the private sectors. They have several business places in the shape of kiosks, stalls, tents, and shops, owned by either small, medium, non-governmental organizations, or cooperatives with small businesses or small capitals in which there will be the process of selling and purchasing goods through bargaining. A business happening there can be categorized as a micro-business or individual business. The traditional markets play a strategic role in increasing income and employment. Hence, some efforts are needed to increase competitiveness and maintain the existence of the traditional markets in Indonesia [3]. Research conducted by Sudiarta (2014), as cited in Koe dan Septarini (2018), focuses on the factors that influence the performance of micro, small, and medium enterprises in the Bangli Regency [4],[5]. The results also show that the most dominant factors affecting the performance of MSMEs in Bangli Regency are internal factors, including marketing abilities, entrepreneurial abilities, financial comprehension, the access of capital markets, human resources, and the plans for business.

However, the current state of traditional markets generally experiences a degradation or decline in power along with the rapid development of modern markets. The traditional markets should compete with the modern markets as they are one of the driving forces of the economy. The traditional markets are infamous for slummy or muddy areas, with poor arrangement of merchant stalls, less comfortable shopping experience, and poor security levels [6]. On the other hand, according to Aliyah (2017), the traditional markets have a humanist character to build closeness and kinship between traders and buyers [7]. If we look at the physical conditions of the traditional markets with those bad images, the government should make some changes and improvements by restructuring the traditional markets, which are commonly less attractive, and then transform them into a modern or semi-modern one [8]. Thus, there should be some improvements made through the local government to organize these traditional markets. The following graph shows the number of traditional markets in Indonesia:

![Figure 1 The number of the traditional markets in Indonesia](source: AC Nielsen, 2013)

Based on this graph, the traditional markets gradually experienced a significant decline from 2007 to 2017. According to the Ministry of Trade data in 2014, the number of modern markets in Indonesia increased by 14%, which reached 23,000 in the last three years [9]. Septian (2018) stated that the government targets 5,000 traditional markets to be built and revitalized over the past five years. However, from 2015 to 2017, the government rebuilt and revitalized as many as 2,715 market units [10]. There were 1,023 units built in 2015, 783 units in 2016, and 909 units in 2017. In 2018, the government targeted approximately 1,592 units to be built, and the remaining 693 units will be worked on in 2019.

The arrangement of traditional markets is necessary to be more buyers-oriented and thus reduces the impression that traditional markets are very poorly structured places. One of some ways to restructure the traditional markets is through revitalization to improve and keep supporting the regional economy. Revitalizing the traditional markets aims to improve the quality of public spaces performed by the government in collaboration with the public and private parties. The goals of this project are not only to enhance the market physically but also to take control of the market management. These include organizing the merchant stalls, structuring the market fees, arranging the market parking, supervising the market hygiene, fostering the market traders, inviting traders into the market management, empowering products sold by the
traders which can be processed properly to attract buyers, and increasing the security in the traditional markets. Good market governance and the active role of local governments and local communities will bring positive trends for the sustainability of the people’s economy and compete with modern markets.

Concerning this study, East Java Province is the province with the largest area on Java Island. There are more than ten traditional markets targeted as pilot markets that have been developed from year to year. The following table lists several pilot markets in East Java, among others:

<table>
<thead>
<tr>
<th>No</th>
<th>Market (Pasar)</th>
<th>Regency/City</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Pasar Oro-Oro Dowo</td>
<td>Malang City</td>
</tr>
<tr>
<td>2</td>
<td>Pasar Panji</td>
<td>Situbondo Regency</td>
</tr>
<tr>
<td>3</td>
<td>Pasar Prapanca</td>
<td>Mojokerto City</td>
</tr>
<tr>
<td>4</td>
<td>Pasar Wlingi</td>
<td>Blitar Regency</td>
</tr>
<tr>
<td>5</td>
<td>Pasar Bantur</td>
<td>Malang Regency</td>
</tr>
<tr>
<td>6</td>
<td>Pasar Warungdowo</td>
<td>Pasuruan Regency</td>
</tr>
<tr>
<td>7</td>
<td>Pasar Paiton</td>
<td>Probolinggo Regency</td>
</tr>
<tr>
<td>8</td>
<td>Pasar Klojen</td>
<td>Lumajang Regency</td>
</tr>
<tr>
<td>9</td>
<td>Pasar Banjarejo</td>
<td>Bojonegoro Regency</td>
</tr>
<tr>
<td>10</td>
<td>Pasar Karangan</td>
<td>Trenggalek Regency</td>
</tr>
<tr>
<td>11</td>
<td>Pasar Kerep</td>
<td>Nganjuk Regency</td>
</tr>
<tr>
<td>12</td>
<td>Pasar Kenduruan</td>
<td>Tuban Regency</td>
</tr>
<tr>
<td>13</td>
<td>Pasar Guluk-Guluk</td>
<td>Sumenep Regency</td>
</tr>
</tbody>
</table>

Source: compiled by the author, 2020

Market revitalization is like two sides of the same coin where it could be one way of creating public spaces that prioritize comfort and pose a threat if not properly planned. One of the objectives of market revitalization is to create better market management so that the implementation of the management runs according to the existing structure and does not conflict with each other’s interests. Sometimes, the revitalization of traditional markets does not match the existence of a clear market structure, resulting in a lack of governance from market management. Thus, it is what makes traders less responsive to the revitalization of traditional markets. The number of pilot markets for traditional market revitalization is still insignificant compared to the distribution of the number of traditional markets in all regencies/cities in East Java Province. The problem that often arises is that the market developers and management choose to make a new traditional market more attractive to visit than the other markets, including existing modern markets. These efforts often fail so that the new traditional market looks empty of visitors, and some traders should close their business activities.

A stakeholder is a group or individual whose support is needed for the security and survival of the organization. Stakeholders can include individuals, organizations, or groups interested in certain ordinary and human resources [11]. It can be utilized in various objectives such as doing an examination, making a preparation, assessing or evaluating the projects and policies, doing research about the management and related changes of natural resources, controlling the provision of systematic support to the cooperative management processes, and preparing management tools in policymaking and tools for identification of break down. In the stakeholder analysis tool, three indicators consist of the stage (1) “who”; identify who should be involved, stage (2) “when”; determine when their organization/group should be involved, and stage (3) “how”; define how they should be involved.

Stakeholder involvement has many benefits for quality and sustainability that impact society [12]. Currently, the situation of stakeholders is very much a discussion of collaboration problems and the condition of the value of the decisions made, which does not give satisfaction to joint decisions in the stakeholder negotiations [13]. Meanwhile, the analysis done by stakeholders becomes an approach to know a system and its changes by identifying the main actors or stakeholders and evaluating their respective interests in the system. Therefore, there is a need for market revitalization in the province of East Java, Malang Regency. Malang Regency is categorized as a pilot market that the analysis of existing stakeholders must identify. Stakeholder actors include local government, management, and traders. The purpose of the analysis is to observe the stakeholder interactions and relationships in the revitalization process of traditional markets in East Java Province.

2. MATERIALS AND METHODS

This research was conducted for six months, starting from February to August 2020. The research took the sample location at Bojonegoro Regency, Blitar Regency, Malang Regency, Pasuruan Regency, Probolinggo Regency, Situbondo Regency, Lumajang Regency, Malang City and Mojokerto City. According to Moleong (2012), the qualitative method is the research procedure that generates descriptive data in written
and spoken words from people and observable behavior [14]. Qualitative research is also explained as a specific tradition in social science, based on the observations of humans, both in its area and terms [14]. According to Bogdan & Biklen (1998), A case study is a detailed explanation relating to background, a subject, a document storage area, or a particular event [16]. Surakhmad (1980), nonetheless, limits the case study approach as an approach that emphasizes a case intensively and in detail [17]. Meanwhile, Yin (2010) suggests a more technical definition, mainly emphasizing the characteristics [18]. It is also in line with Ary et al. (1985), who explains that the researcher should test the units or the individuals profoundly [19]. Meanwhile, the stakeholder analysis approach is a technique used to identify and assess the influence and the importance of the main actors, either within groups or organizations, that can significantly influence the success of activities or the realization of the program in the existing case studies [20].

3. RESULTS AND DISCUSSION

Economic activities in traditional markets are part of the social situation and are close to a personal and impersonal social network maintained among the community. This action makes society an actor who, individually and in groups, has covered a wider range of economic activities such as price-fixing and economic institutions that are embedded in a network of social relations. As the results of research interviews in the field, Mrs. Sri Murti as the Manager of Bantur Market, Malang Regency, said that:

“Indeed, there is a need for a collaboration with traders to set prices in the buying and selling process in our market, as stated on this information board. It proves that we are always delivering some [...] to support the realization of the economic process”. (Interview was conducted on Monday, July 13, 2020, at 10:00 am).

While serving their customers, the traders in the traditional markets also consider their close relationship with the buyers so that it affects the way they treat them. By doing this, they are always interested in carrying out the economic process with them.
it takes time to move the traders to the new marketplaces.

The relationship between the Disperindag and the traders and the community around Pasar Panji, Situbondo Regency, has shown a positive impact. Mr. Imam conveyed this, the staff of the Retribution/Market Revenue Section, Disperindag of Situbondo Regency, who stated:

“So far, the traders, market management, and the surrounding community have responded positively. This means that they support this program during the construction period until the infrastructure is used.” (Interview was conducted on Tuesday, July 21, 2020, at 13:20 WIB).

Figure 3. Condition of Panji Market, Situbondo Regency
Source: Researcher Documentation 2020

However, according to Mr. Imam's confession, there was a dispute between old traders and new traders, but it was resolved by the market management, as follows:

"It's just that there are obstacles when the market is being built, there are some old traders who do not get temporary/semi-permanent stalls, resulting in disputes between old traders and new traders. However, this has been resolved by us and the market administrators by providing solutions for adding stalls and moving the stall sector so that they can accommodate all traders and not cause road congestion due to temporary stalls while traders are on the roadside. " (Interview conducted on Tuesday, 21 July 2020 at 14:00 WIB).

The relationship between the Disperindag and the traders in the traditional markets of Probolinggo Regency is also positive and runs optimally. Disperindag provides several guidance and empowerment programs. It was conveyed by Mr. Sholeh, the Market Staff of Disperindag, who said:

"So far, for the development and empowerment program, the Industry and Trade Service has provided several programs of action and activities that can support traders and market management to improve the market economy and the welfare of their traders. Among them are socialization, counseling, technical guidance, bazaar, and training activities.” (Interview was conducted on Monday, 20 July 2020 at 10.35 WIB).

Figure 4. Condition of the Paiton traditional market, Probolinggo Regency
Source: Researcher Documentation 2020

The relationship between stakeholders in the government through the Industry and Trade Agency, market management, and traders (in several market samples that the researchers visited) Bojonegoro Regency, Pasuruan Regency, Probolinggo Regency, and Malang City, are well established. The local government carries out emotional relationships and coordination relationships to get closer to the traders and consumers for the convenience of traders and maximize market transaction activities, increasing local revenue (Pendapatan Asli Daerah) through market retribution. The interaction between the government and the traders is carried out reciprocally, meaning that all complaints and aspirations from the traders are accommodated by the market management and agencies (bottom-up) to serve as material for further policy and program-making. Then, the government, through Disperindag, will make top-down policies and programs. These are stakeholder interactions and relationships in the market revitalization program, among others:

Table 2. Stakeholder Interaction and Relationships

<table>
<thead>
<tr>
<th>No.</th>
<th>Regency/City</th>
<th>Actor/Stakeholder</th>
<th>Role/Interaction</th>
<th>Contribution/Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Bojonegoro Regency</td>
<td>Department of Trade</td>
<td>Department of Trade as an innovator of Program Kartu Pedagang Produktif (KPP)</td>
<td>In the framework of fostering the management of the income of the</td>
</tr>
<tr>
<td>No.</td>
<td>Region</td>
<td>Department</td>
<td>Activity</td>
<td>Result</td>
</tr>
<tr>
<td>-----</td>
<td>--------------------</td>
<td>-----------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>2.</td>
<td>Blitar Regency</td>
<td>Department of Industry and Commerce</td>
<td>Department of Industry and Commerce as a facilitator in Routine Activities.</td>
<td>Maximize and improve the sustainability of traditional market management processes.</td>
</tr>
<tr>
<td>3.</td>
<td>Malang Regency</td>
<td>Department of Industry and Commerce</td>
<td>Providing socialization, routine checks, and COVID-19 rapid tests for traders and market management are always safe when the buyers shop. In this case, the Department of Industry and Commerce and the Market Management are the facilitators.</td>
<td>Together with the traders, the market management campaign for “gawe masker, ngalam bebas covid-19”.</td>
</tr>
<tr>
<td>4.</td>
<td>Malang City</td>
<td>Department of Trade</td>
<td>Department of Trade as the party that facilitates and launches the Public Service Innovation Program (Kovablik).</td>
<td>Change the mindset and behavior of traditional market traders through mastery of the material and competence and the knowledge needed by the traditional market traders.</td>
</tr>
<tr>
<td>5.</td>
<td>Pasuruan Regency</td>
<td>Department of Industry and Commerce</td>
<td>The government launches innovations in the market, among others: NU-Mart; Merchant Acquisition &amp; User Offering; Maintenance &amp; Growing Up Transactional.</td>
<td>Simplify the activities of buyers and sellers.</td>
</tr>
<tr>
<td>6.</td>
<td>Probolinggo Regency</td>
<td>Department of Industry and Commerce</td>
<td>Department of Industry and Commerce, as the party coordinating market activities, is in charge of providing Market Management Technical guidance, Coordination Meetings of Market Service Retribution Achievement, and Socialization of Perbup No. 90 of 2018.</td>
<td>Implement the activities effectively, efficiently, and optimally.</td>
</tr>
<tr>
<td>7.</td>
<td>Situbondo Regency</td>
<td>Department of Industry and Commerce</td>
<td>Relevant agencies as facilitators and regulators provide convenience and services to the market traders, one of which is e-Retribution and online shopping.</td>
<td>Facilitate activities and needs between the traders and the buyers in meeting their needs.</td>
</tr>
<tr>
<td>8.</td>
<td>Lumajang Regency</td>
<td>Department of Trade</td>
<td>Department of Trade as the facilitator of the market traders’ necessities, including facilitating the photo products, promotions, and socializing retribution.</td>
<td>Improve efficiency and effectiveness of market activities.</td>
</tr>
<tr>
<td>9.</td>
<td>Mojokerto City</td>
<td>Department of Industry and Commerce</td>
<td>Launches the Market Association Innovation Program.</td>
<td>Raise awareness and introduce the results of the revitalization of the traditional markets by opening a stand for the public to market their wares before occupying a location in the market—a</td>
</tr>
</tbody>
</table>
The existence of traditional markets should be maintained. So far, traditional markets have always been infamous for shabby, muddy, and smelly shopping places, as well as the lack of utility networks. These conditions are believed to be the cause of many cases of traditional market fires, decreasing the public interest to come to the traditional markets, and that traditional markets are only visited by the lower class of society [21]. The relationship between stakeholders and the revitalization process of traditional markets is part of the administrative process for the success of participation-based stakeholders [22],[23]. The results of the policies made, combined with good stakeholders, have shown the program's success as an effort to improve the economy of the traders. This condition will affect the market activities providing good services from all parties involved, including the market traders, the market manager, and the local government represented by Disperindag. A descriptive analysis of stakeholder relationships shows that collaboration between stakeholders is needed to create good quality market revitalization.

The involvement of the stakeholder model in the revitalization process can be described in the chart below:

**Figure 5. Stakeholder model in the traditional market revitalization**
Source: Researcher processed data developed from theory Maguire et al (2012, p.247)

Based on the figure above, the three components of the stakeholder analysis, including the stakeholders involved, are analyzed [24],[25]. Then, the components of when the revitalization takes place and how it happens are also analyzed. The researchers recommend the stakeholder analysis in hopes that the traditional market revitalization can develop dynamically from time to time. As Svobodova et al. (2020) stated, the analysis of the stakeholder model is expected to be structured in responding to activity processes that cannot be managed separately [26].

In traditional market management, stakeholders need to involve all actors in the construction of technical guidance. The technical guidance in question is an effort to strengthen the management of the market activities. It must create Standard Operating Procedures (SOP) and regulations and rules that impact the revitalization process to post the traditional market’s revitalization in East Java Province. Furthermore, the traders’ empowerment program should increase the sellers’ capacity and self-confidence to become better at carrying out the buying and selling transactions. For example, traders must interact with consumers in such interactions, which puts forward the comfort of this interaction through communication and visualization. It can project the consumers/buyers’ interest in the atmosphere of traditional markets and not lead to boredom (based on the merchant’s creativity). It aims to empower traders as part of the market revitalization components to get a better place (part of the socialization development) after the revitalization.

The action program is an inseparable part of the revitalization obligation. The action program includes technical guidance for market management and empowerment of the market traders. However, the focused action program is the responsibility of the stakeholders through Disperindag. In the relationship between the three stakeholders as planned, Disperindag, as a party involved in it, must maintain the contribution before, now, and in the future to supervise and maintain traditional market management and traders (sustainable revitalization). Stakeholder analysis contributes to community market revitalization between the management, and the local governments [27] produces a sustainable revitalization program. Revitalization can encourage competitiveness in the market [28]. Undoubtedly, the traditional markets can compete globally with modern markets, especially in East Java Province, if the necessities of the traditional markets involving management and the traders are prioritized in the revitalization process.

**4. CONCLUSION**

Traditional market revitalization will positively impact when the implementation considers the networking process of the existing stakeholders and
trusts them with the preparation and implementation. It will positively impact the implementation of revitalization, which is in line with the vision and mission of developing traditional market revitalization. The participation of stakeholders must create an interplay that affects the process of revitalizing traditional markets. Without participation, there will be obstacles to revitalizing traditional markets, one of which is the revitalization gap in the lack of stakeholder analysis components. Partnership in revitalizing traditional markets in East Java Province does not currently have a significant role because it focuses on the current internal stakeholders. Thus, communication about traditional market revitalization is very influential on the revitalization results.

The interaction and analysis of stakeholder relationships in traditional markets are part of the fundamental process in implementing the traditional market revitalization. The traditional market revitalization becomes a priority by strengthening the stakeholder actors, including the market managers, as the revitalization structure's functional unit. They play a role in bridging the traders and the local governments (Disperindag). With the traders as the main stakeholders, revitalization is present in answering several problems, where participation and contribution to the success of traditional market revitalization can be required to develop insights after the revitalization. Then, the local government, through Disperindag, continues to make productive breakthroughs to minimize activities outside the revitalization since the stakeholders represented by the local government focuses on the success or failure of the revitalization program being implemented.

REFERENCES


