The Policy Implementation of Modern Market Space-Use Control in Cirebon

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Abstract. The research discusses the policy implementation of modern market space-use control in Cirebon. The modern market development shall cause problems if it does not conform with the regulation of space-use control. This research is qualitative, the data were collected through in-depth interviews, direct observation, and literature study. The results show that the implementation of the policy has not been able to control the modern market. The limiting factor of policy implementation is the business interests of retailers, lack of synergy between traditional and modern market, lack of socialization, monitoring, and limited financial resources. The supporting factors of policy implementation is the awareness of retailers, community support, and mindset of retailers. Recommendations are given to issues such as coordination, policy-instruments reinforcement, policy evaluation, socialization, supervision, and guidance

Keywords: modern market, policy implementation, space-use control

INTRODUCTION

Development is a series of efforts crucially conducted by each country to prosper its people. Spatial planning is one aspect that can affect the pattern of development, especially in this era of sustainable development. The development that does not concerned with the spatial planning can lead to problematic conflicts of interests, particularly in the implementation of sector activities (Supriyatno, 2009: 5). According to Law No. 26 of 2007 on Spatial Planning, spatial planning shall mean a system of spatial planning process, space-use, and space-use control.

One form of spatial planning that requires attention is the arrangement of the urban trade areas, particularly in the retail business. This is due to the rapid development of retail, as evidenced by an increase in retail sales of IDR 1.08 trillion in 2009 to 1.56 trillion in 2012. Business Monitor International (BMI) (2012) estimated the value of these sales is prone to grow to IDR 2 trillion in 2016, an increase of 27.7%. Compared with China, which is expected to grow by 28.6%, the growth in retail sales in Indonesia is not far behind. This retail growth is influenced, among others, by the construction of a modern market infrastructure that is closely related to spatial planning.

Cirebon is one of the cities that already has local regulations governing the RT/RW, i.e. Regional Regulations of Cirebon Municipality No. 8 of 2012 on Spatial Planning (RT/RW) in Cirebon Year 2011-2031. Cirebon also relies on trade sectors for its economy. Consequently, the development of trade infrastructure in Cirebon, i.e. traditional markets and modern markets, cannot be separated from the space-use control. The type of modern market most commonly built in Cirebon is mini-market. The mini-market development continues to grow, reaching 53 authorized mini-markets in 2012 (Saechu, 2012) whereas in 2010 it was only 44 mini-markets (Cirebon Central Bureau of Statistics, 2011).

The construction of modern markets can cause problems if it does not comply with the spatial planning regulation, specifically the space-use control. The policy of modern market space-use control in Cirebon can be seen by reference to the Regional Regulation No. 4 of 2008 concerning Licensing Services in the Sectors of Industry and Trade. In addition, the Cirebon Regional Regulation No. 8 of 2012 on Spatial Planning of RT/RW in Cirebon for 2011-2031 and Cirebon Mayor Regulation
The problem that often arises is the issue of modern and traditional market zoning. The already uncontrolled growth of the modern market in Cirebon make small traders in traditional markets increasingly marginalized (Abdurahman, 2012). The position of mini-market, adjacent to traditional markets, has also been protested by traders in Perumnas Market in Cirebon and led to the closure of the mini-market. In addition, modern market licensing has also become a problem. At least six mini-markets in Cirebon are allegedly unlicensed and likely to grow, even though under the Mayor Regulation No. 23 of 2010, the establishment of mini-markets is restricted merely at 60 locations (Saechu, 2012).

Licensing provisions are included in the terms of space-use control, in addition to the provisions of zoning, incentives and disincentives, as well as sanctions if it refers to Cirebon Regional Regulation No. 8 of 2012. Based on zoning problem of modern and traditional markets, and the licensing of the modern markets, the purpose of this research is: to describe the policy implementation of modern market space-use control in Cirebon; to describe the limiting factors of the policy implementation; and to describe the supporting factors of the policy implementation.

Several previous studies have been done on modern market space-use control. First, Suwignyo (2009) studied that public participation in the use and control of space in Bawen Sub-district, Semarang District, was still at the level of concessions, since the roles given to the public were still largely symbolic and the final policy maker still remain on the officials at the district level. Second, Alhalik (2006) explained that the Land Use Permit (IPPT) have not been effective in controlling the space-use in Sleman District. Factors affecting the violations are among others: inconsistent monitoring, lack of public understanding of IPPT and poor public understanding of spatial planning. Third, Amin (2011) explained that the factors of distance and commodity between traditional markets and supermarkets are very decisive. Traditional markets adjacent to supermarkets and retailers with similar commodities with the supermarkets are most affected by the presence of modern market.

The frame of thought in this research is formed of several concepts, namely the concept of policy implementation, the concept of space-use control, and the concept of the modern markets. Ripley and Franklin (1986) define implementation as what happened after the legislation is set to endorse a program, policy, benefit, or some kind of tangible outputs. Jann and Wegrich (2007) defines policy implementation as a level of execution or implementation of a policy by the responsible institutions and organizations. Policy implementation is the action taken by the government that has implications, as a consequence of such action. This can be done by the implementing institution through the use of particular instruments by looking at the substance of existing policies to achieve the policy objectives. Policy implementation process is influenced by both individual and organizational variables and each of these variables is interrelated and influence each other (Syahrudinn, 2010).

With regard to spatial planning, Supriyatno (2009) suggested that space-use control is one of the activities of spatial planning implementation, conducted through the establishment of regulations concerning zoning, licensing, provision of incentives and disincentives, as well as the imposition of sanctions. Meanwhile, a modern market is a market that is managed with modern management, generally found in urban areas, as providers of goods and services with good quality to the customers (commonly upper middle class society) (Sinaga, 2008). Based on this conceptual framework, the policy implementation in this research is perceived through four components, namely implementing institutions, policy instruments, policy substance, and the implication of the policy implementation.

RESEARCH METHODS

The approach used in this study is a qualitative approach in order to get a thorough understanding of the policy implementation of modern market space-use control in Cirebon by looking at the facts occurred in the field. The research is descriptive. The data collection instruments were direct observation, in-depth interviews, and literature study. Interviews were conducted with some informants, i.e. the Head of Business Development and Trade Facility Section at the Department of Industry, Trade and Cooperatives, Micro, Small and Medium Enterprises; Head of Control and Monitoring Sub-Division at the Capital Investment Agency and Licensing Services; Head of Spatial Planning and Housing; and Head of Spatial Planning Section at the Department of Public Works, Energy, Mineral Resources; Head of Civil Servant Investigator Section, the Civil Service Police Unit, and Head of the Physical and Environmental Division at the Regional Planning Board of Cirebon.

Researchers also conducted in-depth interviews with the Chairman of Cirebon Chamber of Commerce and Industry (Kadin), Assistant for Economy and Development at Cirebon Regional Secretariat, and Head of Capital Investment and Commercial Industry Sub-Division at Cirebon Regional Secretariat, as well as Members of Commission B for Industry, Trade, and Development at Cirebon City Council. Some policy executors tended to cover the problems occurring between traditional and modern markets in Cirebon. This creates a limitation for researchers, yet it can be circumvented by interviewing the officials from Sub-districts and Administrative Villages to obtain information, related to the problem. Interviews were conducted to: the Head of Harjamukti Sub-district to learn its procedure for licensing, since it has the highest number of mini-markets; the Head of the Order Section at Harjamukti Sub-district, to determine the enforcement of order for violating minimarkets in Harjamukti Sub-district; and Chief of Larangan Administrative Village, to
find out the problems concerning minimarket in the field since there has been a minimarket closing in Larangan administrative village; as well as the Chairman of the Perumnas Market Traders Association to prove the accuracy of the obtained information and to determine the impact of the existence of modern markets.

In-depth interviews were also conducted with owners of individual mini-market, located adjacent to a traditional market; as well as academicians in Cirebon, and the Executive Director of Komunal NGO (Communities for Public Policy Planning) in Cirebon.

Other informants were saleswomen at minimarkets in Cirebon, traders in traditional markets (Perumnas Markets and Kramat Market) in Cirebon, as well as minimarket, traditional markets, and stalls consumers. Data processing and analysis techniques used are data reduction, data presentation, and conclusions drawing and verification.

RESULT AND DISCUSSION

The space-use control is a monitoring and controlling activity towards the implementation of development activities that utilize the space. The research perceive the policy implementation of modern market space-use control in Cirebon through four components, the result of the research framework. First, the existence of implementing institutions with a clear division of authority and institutional capacity, supported by good coordination between the institutions. Second, the availability of policy instruments altogether with their implementation and problems in the field. Policy instruments include licensing, zoning, incentives and disincentives, as well as sanctions. Third, the substance of the policies, created to accommodate the modern market space-use control. Finally, the impact of the policy. These four components are used by researchers to assess the policy implementation of modern market space-use control in Cirebon. The following is an explanation concerning the four components:

First, policy implementation seen through the implementing institutions. The existence of a clear division of authority between the respective institutions and coordination among institutions affect the policy implementation of modern market space-use control in Cirebon. The policy was implemented by involving various governmental institutions with different authority, i.e.: (a) the Office of Industry, Trade and Cooperative, MSMEs (Disperindagkop UMKM), has the authority to be engaged in formulating the modern market technical policy, providing licensing services of Modern Store Business Permit (IUTM) and giving recommendation and field examination over the Company Registration (TDP); as well as guidance and supervisory authority; (b) The Office of Public Works, Housing, Energy and Mineral Resources (Department PUPESDM), has the authority to be engaged in formulating layout and building technical policy, providing licensing services over the Area Permit, giving recommendation and field evaluation over the Building Construction Permit (IMB), and exercising control and monitoring; (c) Board of Investment and Licensing Services (BPMPPP), has the authority to organize the entire process of licensing services over the Nuisance Act Permit (HO), TDP, and IMB, as well as the authority to direct and control the business premises applying for HO; (d) Civil Service Police Unit (Satpol PP), has the authority to take enforcement for modern market violations, both in the form of sealing (closure) and demolition; and (e) Administrative villages and Sub-districts, has the authority to issue a Business Certificate of Domicile (CoD) and Statement of No Objection or neighbors permission for the purposes of acquiring HO.

The authority given to these institutions is in accordance with their fundamental duties and functions so that there is no overlap in the distribution of authority, both licensing and enforcement authority. However, in the implementation of administrative village and sub-district authorities, i.e. in issuing Business Certificate of Domicile and Statement of No Objection, there are still patterns of negotiations between retailers and the officials of the two institutions that are not in accordance with Regulation of Cirebon Mayor No. 23 of 2010. The authority for IUTM licensing services that has not been delegated to BPMPPP by the Disperindagkop UMKM also causes the modern market licensing service not integrated in one place and tends to be convoluted; thus making the issuance of the permit not fully recorded in BPMPPP.

The existence of the modern market without an IUTM, hence, is not in accordance with the Regulation of Cirebon Mayor No. 23 of 2010, especially in terms of zoning. It illustrates that the pattern of negotiations also occurs between retailers and the Disperindagkop UMKM. In addition to the licensing authority, there is also the enforcement (controlling) authority held by the Civil Service Police Unit (Satpol PP). Nevertheless, the enforcement authority tends to be impartially perceived as being responsible should there any modern market still operating without a license. In fact the Satpol PP never received a warrant for an enforcement of violations from the relevant institutions; thus not entitled to take action against the violators. The lack of responsibility in the implementation of the authority affects on the negligence of the offenders.

The policy implementation can also be seen from the coordination among the implementing institutions in running its authority. This coordination occurs during the licensing and enforcement services. In terms of licensing, the coordination is done between the RT - RW - Administrative village - Sub-district for the issuance of Business Certificate of Domicile and Statement of No Objection. However, this coordination is lost only until the Sub-district level. It is the retailers who submit the two documents as a prerequisite to the issuance of HO Permit to BPMPP. The retailers are not obliged to report back the permissions to the local officials in Administrative village and Sub-district. It causes no monitoring for the on-process or issued permissions of the retailers. In addition, other licensing coordination are only at the issuance of
The existence of unlicensed modern markets reveals violations in the implementation of modern market control policies. The licensing is problematic because: many retailers pursued the licenses after the construction of their modern market; IUTM is not pursued by retailers; incomplete licensing file; and licensing procedures are not taken through a bottom-up mechanism. This is due to the lack of monitoring in the enforcement of the licensing procedure, lack of firmness on the government side in implementing the sanctions for violators, the involvement of government elite in top-down mechanisms of licensing, and the lack of awareness of the retailers to follow the licensing procedures according to the rules.

The second instrument is zoning. Zoning regulations according to Supriyanto (2009: 106) contain provisions that must, may, and must not be implemented in the zone of space-use. Modern market zoning in question here is the locations that have been set by Cirebon government for the construction of mini-markets. These locations are spread in the trade and services areas in Cirebon. The determination of modern market zoning is stipulated in the Mayor Regulation No. 23 of 2010 on the Spatial Layout of Traditional Markets, Shopping Centers, Modern Stores/Mini-markets and also in the Regional Regulation No. 8 of 2012 on RT/RW in Cirebon in 2011-2031. Modern market zoning can be used as an effective instrument of control since the restrictions in certain areas allow modern markets to be constructed. However, in its implementation, zoning rules is still not functioning as an instrument of control due to lingering existence of various problems.

The problems in the implementation of zoning are among others: the construction of a modern market that does not comply with the zoning that has been set, either licensed or unlicensed one; the construction of a modern market that complies with the zoning yet does not have the appropriate permits; and modern market zonaions that do not pay attention to the distance with the traditional market. This is due to: the lack of thorough socialization to the community related to modern market zoning; the inconsistencies of Disperindagkop UMKM in the enforcement of licensing procedures while continuously issuing IUTM to a modern market established outside zoning; the lack of supervision to the enforcement of

<table>
<thead>
<tr>
<th>No</th>
<th>Sub-district</th>
<th>Alfamart UL</th>
<th>Indomart UL</th>
<th>Hotmart UL</th>
<th>SBmart UL</th>
<th>Jembar UL</th>
<th>Angung UL</th>
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<td>1</td>
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<td>7</td>
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<td>27</td>
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<td>1</td>
<td>2</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>15</td>
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<tr>
<td>3</td>
<td>Lemahwungkuk</td>
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<td>0</td>
<td>0</td>
<td>4</td>
<td>-</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>4</td>
<td>Kesambi</td>
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<td>2</td>
<td>7</td>
<td>1</td>
<td>3</td>
<td>-</td>
<td>22</td>
</tr>
<tr>
<td>5</td>
<td>Pekalipan</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>36</td>
<td>4</td>
<td>13</td>
<td>16</td>
<td>1</td>
<td>3</td>
<td>74</td>
</tr>
</tbody>
</table>

Notes:
- L = Licensed
- UL = Unlicensed

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licensing procedures; and the unclear and not detailed provisions concerning the distance between traditional and modern market in the Mayor Regulation No. 23 of 2010.

The third instrument is the incentives and disincentives. Incentives and disincentives can trigger the target group of the policy to comply with existing regulations so as to minimize or even hinder possible violations. Incentives and disincentive is indeed listed in Cirebon Regional Regulation No. 8 of 2012 on RT/RW in Cirebon Year 2011-2031, i.e. in Article 73 on the incentives and disincentives provisions. Meanwhile, the Mayor Regulation No. 23 of 2010 on the Spatial Layout of Traditional Markets, Shopping Centers, Modern Stores/Mini-markets does not regulate the provision of incentives and disincentive. Referring to the Local Regulation No. 8 of 2012, the incentives and disincentives have not been applied. This is because the rules regarding the technical guidance of the implementation of the incentives and disincentives have not been made. Meanwhile, according to the understanding of the implementing institutions in providing licensing services, namely Disperindagkop UMKM and BPMP, incentives have been applied through the ease of licensing services. However, the ease in licensing service is still not optimal since there is still delays in licensing.

The last instrument is sanction. The imposition of sanction for violation of modern market rules is an instrument of modern market space-use control in order to create an orderly space. According to Supriyatno (2009: 110) the imposition of a sanction is an enforcement action carried out against the space-use that does not comply with spatial planning and zoning regulations. Regulations related to the licensing of IUTM, TDP, HO and IMB govern the administrative and criminal sanctions in the form of imprisonment for a maximum of 3 (three) months or a fine of IDR 50,000,000.00 (fifty million rupiahs) at the most. However, the implementation of the sanctions imposed on the offender is still not functioning properly since it is imposed only in terms of administrative sanctions, namely the giving of a warning letter.

The real action in the form of closing (sealing) or the demolition has not been done due to the lack of orders for the execution of enforcement action from related institutions to the Satpol PP. The Government’s inaction in the enforcement of these sanctions results on the neglect of violations occurring in the field. In addition, the substance of the policy in the Mayor Regulation No. 23 of 2010 that among other regulates zoning and restrictions on the number of the modern market (mini-market) establishments does not regulate the sanctions for violation of zoning or for surpassing that amount of restriction. It indicates that there are negotiations in the policy formulation between the retailers and the relevant governmental institutions.

These four policy instruments of modern market space-use control should be an effective tool for the controlling activities. However, in reality the all four instruments are still problematic in its application and have not been able to control the growth of modern market in Cirebon.

Third, the policy implementation seen through the policy substance. The policy implementation of modern market space-use control can be seen from the policy substance that are made to accommodate the objectives of the control. The substance of this policy becomes important since it is the basis or foundation of the convening of policy implementation by the implementing institutions. The policy of modern market space-use control refers to the Regional Regulation No. 4 of 2008 concerning Licensing Services in the Field of Industry and Trade; Regional Regulation No. 8 of 2012 on Area Spatial Planning (RT/RW) in Cirebon Year 2011-2031; and the Mayor Regulation No. 23 of 2010 on Spatial Layout of Traditional Markets, Shopping Centers, Modern Stores/Mini-markets in Cirebon.

Seen from the policy substance of the three regulations, it can be said that the policy substance of space-use control has not been able to accommodate the modern market control. This is due to the fact that some of the regulations are beneficial only for certain parties, since they do not regulate in detail the distance between modern and traditional markets and stalls/small store; thus detrimental for small traders. Moreover, the non-existence of provisions that regulate sanctions for violations of zoning (roads and number of units) causes the offenses committed by retailers to be left unpunished. The rules on incentives and disincentives that have not yet been applied are also unable to control the existing modern markets. This condition portrays that there are business negotiations between a few government elites and the retailers, both in policy formulation and policy substance; thus the policies are unable to accommodate the controlling activities.

Finally, the policy implementation seen through the policy impacts. The impacts of policy implementation of modern market space-use control can be the portrayal of the policy implementation. The impacts generated as a consequence of actions taken by the implementing institutions through policy instruments are uncontrolled number of modern markets and disadvantaged small traders. The uncontrolled number of modern markets reflects that Cirebon government restrictions, used as a form of control, do not achieve its objectives. Through Cirebon Mayor Regulation No. 23 of 2010 the modern markets are limited in number, only to 60 units of mini-markets; while in reality there have been 74 mini-markets.

Tabel 2. The Modern Market that Operate in Cirebon Per 31 March 2013

<table>
<thead>
<tr>
<th>No</th>
<th>Name of Mini Market</th>
<th>Number of Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Alfamart</td>
<td>41</td>
</tr>
<tr>
<td>2</td>
<td>Indomaret</td>
<td>28</td>
</tr>
<tr>
<td>3</td>
<td>Hotmart</td>
<td>1</td>
</tr>
<tr>
<td>4</td>
<td>SBmart</td>
<td>3</td>
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<tr>
<td>5</td>
<td>Toko Jembar Agung</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td><strong>TOTAL</strong></td>
<td><strong>74</strong></td>
</tr>
</tbody>
</table>
The following is the list of modern markets that operate in Cirebon.

The exceed is due to the mobilization of the population and public acceptance towards the existence of the modern market, so that retailers see this potential and build modern markets even without going through the applicable licensing procedure. The non-pursued licensing and the lack of monitoring of licensing trigger the construction of modern markets outside the established zoning. The non-pursued licensing also resulted in a decrease of Regionally Owned Revenue (PAD) from licensing retributions. The restrictions, originally directed to achieve a balance between the population number and the availability of modern market, were not achieved due to the exceed.

Another effect is the existence of a modern market that harm small traders. Due to the uncontrolled number of modern market, small traders both in traditional markets and in the home-style stalls are harmed and experience a decreased turnover. When viewed from the objectives of the restrictions of modern market establishment, i.e. to avoid unequal competition from the modern market, then obviously this goal cannot be achieved, given the loss experienced by small traders as a result of the presence of uncontrolled modern markets. Thus, the policy implementation of modern market space-use control, when viewed from the resulting impact, the negative impact, can be said to have not been able to control the modern markets in Cirebon. Meanwhile, there has not been any real effort of the government to address the impact of its own lack of control of the modern market in Cirebon.

The policy implementation of modern market space-use control in Cirebon is influenced by limiting and supporting factors. The limiting factors identified in this study include: (1) The existence of the business interests of retailers that influence the policy process, both at the policy formulation and its implementation, i.e. the manipulation of public opinion through the provision of compensation to local communities in order to obtain neighbors permission; (2) Lack of synergy between traditional and modern markets. The absence of detailed regulation concerning the distance between the two markets and the operating hours and trading commodities inhibits the modern market control policy implementation; (3) Lack of dissemination to the public. The incomplete socialization to the community, both by the government and retailers results in the violations in the policy implementation; (4) Lack of monitoring. The supervision is minimum, especially in the enforcement of licensing regulations; thus causing the number of modern markets become unmanageable; and (5) Lack of financial resources of the implementing institutions. The financial problems have an impact on the lack of public socialization so that it is only given to community representatives.

The supporting factors in the policy implementation of modern market space-use control in Cirebon identified in this study include: (1) the legal awareness of retailers in licensing. With the legal awareness, the violations in policy implementation are more or less resolved since the existing problems tend to be caused by the violations committed by retailers, especially in licensing; (2) public support in licensing. With the support of the community in granting the neighbors permission, there is at least a social control that have a positive implication on the control of the number and zoning of modern markets; (3) public support as consumers. The community’s shopping preference as consumers plays a role in determining the sustainability of modern market and traditional market business. As long as people are not fully switched to modern markets, it can also help the traditional market and home-style stalls survive the competition with the modern markets; and (4) the small traders’ mindset that “there is always profit for everyone”, make them survive their business in both traditional market and home-style stalls. However, if the government does not pay attention to the small traders, eventually their existence will be crushed by the modern markets.

CONCLUSION

The policy implementation of modern market space-use control in Cirebon can be considered to have not controlled the modern markets in Cirebon. This is seen from four components, i.e. the lack of coordination among implementing institutions, even though there has been division of authority. Secondly, the policy instruments (licensing, zoning, sanctions, incentives and disincentives) are not functioning well and there are still lingering problems in the implementation of these instruments. Third, the policy substance has not been able to accommodate the modern market control. Finally, the impacts of the not-optimum policy implementation are the uncontrolled number of modern markets and disadvantaged small traders. The limiting factors in the policy implementation are among others, the business interests of retailers; lack of synergy between traditional and modern markets; lack of socialization to the community; lack of supervision of the implementing institutions; and limited financial resources on the implementing institutions. Meanwhile, the supporting factors in the policy implementation include legal awareness of retailers in licensing, the public support in licensing, community support as a consumer, and the small traders’ mindset that “there is always profit for everyone”.

Based on the research that has been done, the researchers suggest a few things, namely: the relevant institutions issuing the recommendation and licensing should coordinate in providing recommendations and in monitoring the implementation in the field. Cirebon government should be strictly implementing the existing policy instruments, whether licensing, zoning, incentives and disincentives, as well as sanctions. Cirebon municipal government also needs to evaluate the Mayor Regulation No. 23 of 2010 in accordance with the conditions found in the field so that the results can be used as a consideration in the proposed Regional Regulation Draft concerning
the Arrangement of Mini-markets in Cirebon. The Draft should pay more attention to the synergy between small traders and modern markets and contain strict sanctions by providing real actions. Cirebon municipal government needs to provide a thorough socialization to the community, not just to public representatives. In addition, there should be regular monitoring of the modern markets operating in Cirebon, especially to control the conformity between the development and the existing regulations. Cirebon municipal government also needs to provide guidance to small investor traders, in addition to the partnership programs.

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