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# Regulation Model of Traditional and Modern Markets for Competition Fairness

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### ABSTRACT

This study is motivated phenomenon is still weak legal protection for traditional markets in the era of free market that is also applied in Indonesia. The purpose of this study was to develop a model arrangement of traditional market-based social economy. Interdisciplinary approaches is that jurisprudence in particular to move from design law (legal drafting) and business law with economic perspective. This study used normative-empirical qualitative analysis. Techniques of data collection will be done by observation, Focus Group Discussion (FGD), interviews, dialogues and interactive discussions. Analysis of data using normative and qualitative analysis. A form of legal protection is that local governments are required to establish local drafting regulation to include the establishment of zones and the ideal distance of traditional markets and modern markets. This study has great significance because it has contributed to the discovery of the roots of problems relating to the legal protection for traditional markets.

**Keywords:** Regulation, Traditional, Modern, Market, Legal, Protection.

## 1. INTRODUCTION

Semarang City as one of the major cities in Indonesia has a variety of business sectors. There are many trading centers spread on each sub-district in Semarang area, according to the observations of researchers trading centers, among others; Johar trade centers, Kranggan Pekojan trade centers, Simpang Lima trade centers, Tamrin Trade Cencer, Gadjah Mada Trade Center, Pemuda Trade Center and Mataram Trade Center.

In line with the economic development for business sector is particularly relevant to Semarang government agenda that is promoting the acceleration of economic growth and trying to increase region

original revenue (PAD). According to the Master Plan for Economic Development (MPED) it is stated that the improvement of the economic welfare of residents of Semarang through the economic development of the business sector can increase revenue (MPED, 2010). In research on Selling Charm Travel through the arrangement of street vendors (PKL) Tradesman in the city of Semarang. On review of regulation perspective found that the required treatment is feasible for merchants and arrangements in order protection for traditional markets in order to stay afloat amid the mushrooming of modern markets: it is necessary to get legal protection for protecting and nurturing traders (Sukmariningsih, 2013).

According to Waldron (2006) concerning the nature of the state of the law is “True, the rule of law is not the only value that lawyers serve. Lawyers must serve justice too, for justice is part of the law’s promise “. It provides an understanding that everything spheres of life will be regulated by law. Therefore, the law must be made at any time. Things that need attention are on the forming of the law itself. A good law should be able to meet the demands of justice is *bet recht moet, om goed recht te zijn, aan de eis van rechtvaardigheid voldoen*. (Bellefroid, 1952).

Bellefroid (1952) focuses on forming laws has an obligation to establish justice in the positive law. Rahardjo (2007) stated that the protection of the law is to give shelter to the Human Rights (HAM) which harmed another person, and that protection is given to the public in order to enjoy all the rights granted by law (Rahardjo, 2007). Market presence, especially traditional ones, is one of the most obvious indicators of economic activities in a region. Traditional markets actually have a natural competitive advantage that is not directly owned by the modern market. The strategic location, extensive sales area, complete diversity of goods, lower prices, the bargaining system which shows familiarity between seller and buyer an advantage possessed by traditional market.

However, traditional markets have various weaknesses that have become a basic character that is difficult to change. Factor market design and appearance, atmosphere, layout, diversity and quality of the goods, sales promotion, market limited operating hours, as well as optimizing selling space utilization is the biggest drawback of traditional markets in the face of competition from modern market (Suliyanto and Rahab, 2012). The changing times and changing lifestyles have made existence of traditional markets become a little disturbed.

The existence of modern market today has become a demand and a consequence of modern lifestyles in society. The modernization process affect activity patterns of the physical changes of urban society characterized by growth and development of modern markets is increasingly widespread. Public behavior of consumers has begun to shift from traditional markets to modern market. Existing modern market not only in big cities but has penetrated through the small town. Very easy to find minimarkets, supermarkets and even hypermarkets are not far away from residential areas. Noted start of 2007, the growth of modern market in Indonesia increased by 11.8 percent (Department of Industry and Trade of Semarang City, 2012).

The phenomenon of modernization in almost all cities like Semarang has a fairly competitive trade development. Number of markets that is owned by the Government of Semarang city is known as the traditional market is some 47 markets scattered around the city of Semarang (Office Market Semarang City, 2012), while the number of modern stores, until the year 2012 reached a total of 56 units, not including many minimarkets scattered settlements. The condition affects the very existence of traditional markets

experienced ups and downs of a start indiscipline traders, traditional market managers who are generally held by the Office of Market in the area who are not professional and not firm in implementing policies and regulations related to the management of the market. Not to mention the infrastructure such as: design less follow the development included the lack of supporting facilities, the number of illegal levies “thugs” who often roam the market and operational systems and management procedures are less clear. (Kompas, 2009)

Street vendors or pedagang kaki lima (PKL) is also a problem in itself in the management of traditional markets. The distance is too close to the modern market and the type of merchandise that presented almost all in the modern market makes consumers turn to modern market. Increasingly complex dynamics of marketing development will require a model law that could serve as guidelines for the setting of traditional markets and modern stores in the improvement of people’s economy in the city of Semarang. Legal regulations on Guidelines for Planning and Development of Traditional Markets, Shopping Centers and Modern Markets needed to regulate the existence of the modern market. Reisman (2009) states that the law in this case the regulations should adjust the expectations that are required and can be enjoyed by the community.

## **2. RESEACRH METHODS**

This study uses qualitative and quantitative data. The empirical data collected from several trading centers scattered throughout the District in the city of Semarang, among others; Johar trade centers, Kranggan Pekojan trade centers, Simpang Lima trade centers, Tamrin trade centers, Gajah Mada trade center, Pemuda trade centers and Mataram trade centers also browse of the rules that should be united into one in the form of local regulation. Strategies used to collect data from multiple sources and then document the data in the archive and study some cases. Data generated through interviews were analyzed using interactive analysis. Analyzing the material began to read it as a whole, looking for specific ideas, similarities and differences, namely, categorize and analyze. This material is processed several times. Data have been collected from various sources such as interviews with related organizations such as Agency of planning and regional development (Badan Perencanaan dan Pengembangan Daerah/BAPPEDA) and Office of market (Dinas Pasar). Probe written documents, observation, and newspaper clippings. The combination of observations and interviews were also used to obtain a more comprehensive understanding of the phenomenon under study (Rahab and Rahayu, 2011).

## **3. ANALYSIS AND DISCUSSION**

The market is a space to facilitate the activities of buying and selling goods with the number of sellers more than one. The market is categorized into two types, namely traditional markets and modern markets. The fundamental criterion that distinguishes between traditional and modern market is a process of interaction and pattern control or management between the two. Traditional markets are generally owned by the government, there was a direct interaction between the seller and the buyer, with the bidding process. While the modern market, the buyer generally perform activities self-service, or there is a saleswoman, and system purchase was made at a price that has been set, there is a price tag (Rahab, Anwar, Priyono, 2016). Modern markets including the store, mall, plaza, minimarket, supermarkets and hypermarkets.

Trading activity, an interaction between the seller and the buyer. The interaction that occurs is an exchange of property in this case money for goods and services, transfer ownership of the property and

the goods/services of one person to another, the acquisition benefits both parties, as well as the lack of regulation or legislation relating to the legality of selling (Anwar, Rahab, Priyono, 2015). Interaction needed space to accommodate the activities of buying and selling there. The impact of economic growth is rapidly increasing one of them is the development of marketing of Semarang. This brings its own problems, namely the lack of a policy on the development of marketing strategy that integrated so that the development of traditional and modern market does not have a clear concept. One of the development policy in the system development of marketing include spatial planning policies are set to create of marketing a quality, equitable and integrated as a center for trade and services, international scale, but if it is seen the spread of modern market and traditional market below appeared to be the social gap as seen in the Table 1.

Based on Table 1 the comparison spread modern and traditional market in Semarang in 2012, the existence of a significant gap seen from the number of modern markets appear more dominant than traditional markets resulted in the spread unevenly. The traditional market is still urgently needed by consumers though its existence has begun to shift to a modern market. Model ideal setting in the form of guidelines outlined in the provincial regulation that regulate and control the existence of traditional markets, shopping centers and trendy shops, such as related to zoning, the ideal distance, merchandise and operational time business. Obviously with the regulations of the area is expected emergence of partnership and mutual harmony between traditional and modern markets

**Table 1**  
**Comparison Modern and Traditional Market Deployment in Semarang City 2012**

<i>Sub district</i>	<i>Modern Market</i>	<i>Traditional Market</i>
Genuk	11	4
Gunungpati	16	1
Pedurungan	99	5
Semarang Selatan	63	6
Semarang Tengah	69	8
Banyumanik	74	5
Candisari	28	2
Gayamsari	19	2
Mijen	19	2
Ngaliyan	45	4
Semarang Barat	61	3
Semarang Timur	29	8
Semarang Utara	30	13
Tembalang	109	2
Tugu	14	1
Gajahmungkur	37	1
TOTAL	723	67

*Sources:* Office of Industry and Trade, Semarang, 2012.

Means economy through a traditional market as the center of social interaction in Semarang need to be managed in line with the economic development and social dynamics to further empower and provide

protection for small and medium enterprises to become strong and independent businesses. Whereas in the framework of the arrangement of the modern market growth in Semarang very rapidly needs to be organized in order to create business certainty and orderliness in business, and to foster the development of industry and trade in goods, should provide guidelines for the implementation of modern shops, with the norms of justice, mutual benefit and without pressure in the relationship between suppliers of goods with modern shops as well as the development of partnerships with small businesses, so as to create orderly competition and balance the interests of producers, suppliers, modern stores and consumers.

The number of modern stores is expected to continue to grow in line with the opening of investment opportunities in the city of Semarang and the era of global trade. Some of the problems relating to the existence of traditional markets and modern markets currently include the following: the number of traditional market traders continue to increase has not been matched by the availability of space; the growing modern markets both regionally as well as supermarkets and hypermarkets, the increase in the informal sector, especially street traderman (PKL), which have sprung up in line with market presence, both traditional markets and modern markets, often causes problems of urban development with disorderly existence; Traditional physical market conditions left behind from the modern market, due to the low level of awareness of discipline, cleanliness and order, as well as a lack of attention to maintenance of physical facilities (the environmental conditions are dirty, smelly and muddy); conflict issues the use of space for trade activities with supporting activities, especially activities of traffic, so a lot of congestion points around the site pas analysis

Traditional market regulatory model contains the elements set including: zoning, spacing Ideally, merchandise packaging, type of goods sold, service facilities, hours of operation, the quality of goods and optimizing of utility of space (Anwar and Rahab, 2016). The elements of the arrangement and how the form of the settings can be seen in Table 2.

**Table 2**  
**Content and Form of Regulation**

<i>Content of Regulation</i>	<i>Content of Regulation</i>
Zoning	Zoning
The ideal distance traditional markets and modern markets	The ideal distance traditional markets and modern markets
Packaging merchandise	Packaging merchandise
The type of goods sold	The type of goods sold
Facility services	Facility services
Operating hours market	Operating hours market
Quality goods	Quality goods
Optimizing the utilization of sales space	Optimizing the utilization of sales space

The formation mechanism of regulation of traditional markets and Modern Market is offered as shown in Figure 1.

Mechanics of developing regional design regulation (drafting) which the authors offer a model of regulation in shaping regional regulation (PERDA) on Traditional Market and Modern Market is in the substance of it later in the compulsory set: Zoning, ideal distance, type of goods, packaging of goods, market operating hours, service facilities, and optimizing the use of selling space including attention to hygiene

standards market. The pattern of harmonious partnership and mutual benefit are needed to organize exiting traditional and modern markets.

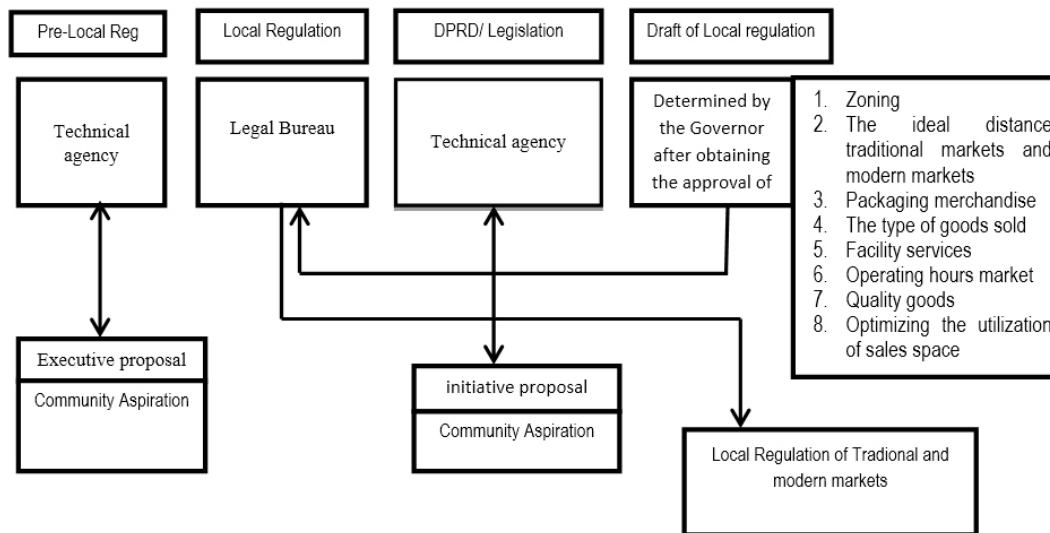


Figure 1: Mechanism of local regulation drafting

Forms of legal protection in a preventive namely: protection of the law that aims to prevent legal problems or disputes while the protection of the repressive laws aimed at resolving legal issues or disputes arising. Conceptually, the legal protection given to citizen is the implementation of the principle of recognition and protection of human dignity. Understanding that a preventive and repressive law gives substance to the concept of legal protection that is ideal. Preventive law to prevent violations of the law due to lack of progress (e.g., technological advances) that promises the benefits, while the repressive law in terms of providing certainty for violations of the law. In effect the establishment of legal protection for both preventive and repressive needed regulations, which substantially contain at least the subject of legal rights and obligations regulated. The principle of fairness, desirable, proper, appropriate in legitimacy theory (Lindblom, 1994; O'Donovan, 2002) should be available in designing a social contract in the form of a policy or regulation.

#### 4. CONCLUSION

Conditions that affect the existence of traditional markets have been up and down, among others, indiscipline traders, traditional market managers by municipalities who are not professional and not firm in implementing policies and regulations related to the management of the market. These facilities (less follow the development of the design, the lack of supporting facilities), the number of illegal extortion and operational systems and management procedures are less clear. The existence of street tradesman (PKL) disorderly also become another problem in the traditional market management. Street vendors (PKL) disorder makes consumers do not want to buy in the market but choosing outside the market because the products are sold together with products sold in traditional markets that issues parking area is also a separate record for reducing convenience in shopping.

Zoning, ideal distance, type of goods, packaging of goods, operating hours market, service facilities, and optimizing the utilization of space selling including attention to standards of hygiene markets also

triggered the lack of development of traditional markets, therefore soon be in form of local regulation that is integrated between the regulation of traditional markets and Modern Markets. The modern market is growing very rapidly in Semarang city needs to be organized in order to create business certainty and orderliness in business, and to foster the development of industry and trade in goods. Structuring the traditional market as a center of social interaction to empower and provide protection for small and medium enterprises to become strong and independent business.

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