

# Empowerment of Traders and Traditional Market Potential Development in Indonesia

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**Abstract:-The type of qualitative research through phenomenology approach, the results showed Traders in the traditional market that became the main distribution channel of Indonesian people's agricultural products, currently has not been able to compete with the traders in the modern market. Though not a few people who rely their lives on traders in traditional markets. When hit by the economic crisis, traders in traditional markets are able to support the lives of most Indonesians, both traders and farmers who are only able to market their agricultural products through this market. With the rapid presence of traders in the traditional market impact on the local suppliers who generally cannot go to large retailers.**

**Keywords:-**Traders, Policies, Traditional, Markets, Services.

## I. INTRODUCTION

### A. Background

The development of the times demands efficiency and effectiveness in all areas. The existence of modernization is certainly understood also due to the urge of modern capitalist forces to encourage the establishment of a modern market in the midst of Indonesian society. In the short term, modern retailers with extraordinary capital capabilities pamper consumers with positive things about convenience when shopping, security, convenience, an increasing variety of products, improved product quality, and cheaper prices due to the competition.

However, despite the modern market contribution to the growth of the retail industry in Indonesia to the benefit of consumers, the growth of modern retail proved to be a separate issue in the form of increasing exclusion of agricultural products, fisheries, and livestock domestically from the table of Indonesian society. The modern market has a quality standard that cannot be fulfilled by the agricultural products of Indonesia, so that for food needs that already exist in Indonesia, such as meat, vegetables, and fruits, must be imported from abroad in order to be able to meet their quality standards.

The existence of street vendors do not have most have not yet got legal status in running their business. On the other hand, the roles of the informal sector including street hawkers have not been fully accepted by the city government. Street traders are more viewed as non-profit activities, as they do not contribute to the local or national economy through taxation. They are marginalized on the development agenda, thereby adversely affected by socio-economic macro policies.

Limited policy support, making the sector unsafe and adversely affecting the livelihoods of the urban poor. They are notorious for giving some urban residents the need for goods or services that cannot be provided by large retail outlets. The facts show that street vendors are an important source of livelihood for the urban poor.

The activities of street hawkers generally occupy road bodies and sidewalks, leaving no room for pedestrians. This condition is a public concern because it creates congestion problems and movement of people in the pedestrian, and creates a dirty and unhealthy environment. Street vendors who occupy space and public roads can also create social problems such as the presence of pickpockets, thieves, and so forth. This situation creates problems in the management of development and destroys the morphology and aesthetics of the city.

However, for some community groups, street vendors actually become a solution, because it provides cheaper price. For low income people, street vendors are the choice. This makes the curbing of street hawkers in strategic locations to be controversial in terms of social glass. Yet every day, they are tenacious workers, struggling to support the family.

As a tribute to street vendors as independent economic actors, cooperative and UMKM ministries as well as ministries of tourism and creative economy once socialized the term creative merchants field to replace the term street hawkers. According to the minister of tourism and creative economy, Mari Elka Pangestu (2011-2014), the concept of creative field traders has existed since he served as minister of commerce. Models from the creative merchants concept are listed in the MOU between the interior ministry, the commerce ministry,

and the cooperative and UMKM ministries. Mari Elka Pangestu took the initiative to change the terms street hawkers with creative traders field to improve the dignity of street vendors (kompas.com, 6 December 2011). In fact, the ministry of cooperatives and UMKM has instructed the replacement of the term street hawkers with creative merchants field to the head of the relevant offices and districts / cities. However, with the issuance of presidential regulation number 125 of 2012 on coordination of structuring and empowering street hawkers, the use of the term creative trader field cannot be used formally.

On the other hand, the fate of traders in the traditional market that became the main distribution channel of Indonesian people's agricultural products, is currently on the edge because it cannot compete with the traders in the modern market. Though not a few people who rely their lives to the traditional market. When hit by the economic crisis, the traditional market is able to support the life of some Indonesian people, whether they work as traders, or farmers who are only able to market their agricultural products through this people market. With the eroding of the traditional market, the impact on local suppliers that generally cannot get into big retailers.

The market is a place of goods transactions between buyers and sellers. The market itself consists of two traditional markets and a modern market. Traditional market is a place to buy and sell where consumers can still bargain, one example of a traditional market that is often seen on the roadside or in the settlement of residents commonly called grocery sellers. While the modern market place where consumers can buy the desired goods but in this place can no longer bargain like a traditional market because the price has been pegged. One example of this modern market is minimarket, carefour, ramayana, sun, alfamart, alfamidi, indomart and so on.

The modern retail industry has evolved in the 1960s precisely in 1964 which is characterized by the establishment of building sarinah. This industry began to show its growth from 1970-1977 with the change of types of outlets such as supermarkets, department stores and so forth. At first modern retail business is dominated by domestic retailers such as sun, ramayana, hero, and so on. In its development, in 1998 there was an agreement between imf and the Indonesian government regarding foreign retailers' agreement to be able to invest or open outlets without having to cooperate with local retailers.

Increased competition has led to the emergence of supermarkets in small towns in order to find new customers and price wars. Consequently, when Indonesian supermarkets serve only upper-middle-class societies in the 1980s and early 1990s (cpis 1994), the supermarket fleeing to small towns and the practice of predation through a price-cutting strategy allowed lower-middle-class consumers to access the supermarket (Suryadarma, 2007).

The presence of modern retailers did not initially threaten traditional markets. The presence of modern retailers targeting middle- and upper-class consumers was more an alternative to traditional markets identical to slum market conditions, with poor look and quality, low selling prices and conventional bargaining systems.

But now this condition has changed a lot. Supermarkets, minimarkets and hypermarkets grow like mushrooms in the rainy season. This condition arises as a consequence of various changes in society. As consumers, people demand different things in shopping activities. This condition is still added to the increasing knowledge, income, and the number of families with double income (husband and wife work) with limited shopping time.

Consumers are demanding retailers to give more value than every penny spent. Retailers must be able to accommodate these demands if they do not want to be abandoned by their customers (ekap Pribadi, 2007). The growth of modern markets itself is called a region that reflects a form of retail trading activities, shopping centers and entertainment areas located in the middle of the city that has a major influence on economic activity. Traditional markets or grocery sellers increasingly squeezed due to the presence of modern retail business market in the span of 2003 to 2008 the growth of retail outlets reached 162 percent.

In 2003 the growth of mini market outlets reached 254.8 percent, from 2,058 outlets to 7,301 in 2008, while the number of traditional markets in the short term tended to decline. The rapid growth of modern market is in line with the incessant penetration of foreign retail to Indonesia. Data bisinifocus 2008 states, if in the 1970-1990 holders of foreign retail brands who enter Indonesia only five, with the number 275 outlets, in 2004 has 14 foreign incoming retail brands, with 500 outlets. In 2008, the incoming foreign retail brand was already 18, with 532 outlets.

As a result of the emergence of modern markets in Indonesia such as mini market that increasingly many more resulted in small traders like grocery sellers who increasingly restless because the business they pioneered during this threatened to go out of business. That's because consumers prefer to shop at the minimarket, in addition to a clean place and satisfactory service, as well as affordable prices.

For grocery traders, the presence of a modern market with all its advantages has become a powerful market force. Its dominance has shifted and was able to displace the existence of a grocery trader as an informal economic power. For these grocery traders, selling is a way to survive rather than get rich.

### B. Problem Formulation

What is the role of government towards empowering the economy of traditional traders toward competitive advantage?

### C. Purpose of Writing

To find out the role of government towards empowering the economy of traditional traders toward competitive advantage

## II. LITERATURE REVIEW

### A. Traditional Market

Traditional market is a market that is managed simply by a traditional physical form that implements a system of bargaining transactions directly where its main function is to serve the needs of the community both in the village, sub-district, and others (Sinaga, 2008).

The price of this traditional market has an uncertain nature, therefore it can be done bargaining. When viewed from the level of comfort, traditional markets have tended to slum with an uncluttered location. Buyers in traditional markets (usually mothers) have transcendent behavior by communicating dialoging in terms of pricing, looking for quality goods, ordering the desired goods, and other price developments.

Goods sold in the traditional market are generally local goods and in terms of quality and quantity, goods sold in traditional markets can occur without going through the less stringent sorting. In terms of quantity, the amount of goods provided is not too much so that if there are items sought not found in one particular kiosk, then it can be searched to another kiosk. The distribution chain on the traditional market consists of producers, distributors, sub distributors, retailers, consumers.

Obstacles encountered in traditional markets such as payment system to distributors or sub distributors are made with cash, sellers cannot do promotions or provide commodity discounts. They can only lower the price of goods that are less desirable consumers. In addition, it can experience difficulties in meeting the continuity of goods, weak in the mastery of technology and management so as to weaken competitiveness.

The traditional market is a market built and managed by the government. Regional, private, state-owned and regionally-owned enterprises, including private partnerships with business premises in the form of shops, kiosks, stalls and tents owned / managed by small, medium, community or cooperative traders with small-scale, small and with the process of buying and selling merchandise through bargaining (Pepres RI no. 112, 2007).

Some traditional market consumers are lower middle class people who have very price sensitive characteristics. When the previous low price factor into traditional market advantage can be undermined by the modern market, there is relatively no

reason for middle to low consumers not to go to the modern market and leave the traditional market (Wildan, 2007).

Traditional markets are a meeting place for sellers and buyers and are characterized by direct seller and buyer transactions. In traditional markets, there is a bargaining process, the building usually consists of kiosks or outlets, open stalls and openings opened by both the seller and a market manager.

Most sell daily necessities such as fish, fruit, vegetables, eggs, meat, cloths, clothing, electronic goods, services and others. In addition there are also selling cakes and other items. Such markets are still widely found in Indonesia, and are generally located near residential areas to make it easier for buyers to reach the market (wikipedia, 2007).

### B. The Sense of Street Vendors

The abbreviated street vendor is a term used to refer to merchants who use carts. The term is often interpreted so because the number of foot traders there are five. The five legs are two merchant legs plus three "foot" carts (which are actually three wheels or two wheels and one leg). Currently the term street vendors are also used for street traders in general.

Actually the term five feet comes from colonial Dutch colonial period. The government regulation at that time stipulated that every highway built should provide a means for walking. The width of the segment for the pedestrian is five feet or about one and a half meters.

Several decades after that, when Indonesia was independent, pedestrian roads are used by traders to sell. Formerly his name was street vendor, now a street hawker. In fact, if tracing its history, should its name is a five-foot trader.

In Presidential Regulation No. 125 of 2012 concerning coordination of the arrangement and empowerment of street hawkers Article 1 number 1 explained that street hawkers, hereinafter abbreviated as street hawkers, are business actors conducting trading business by means of moving and non-moving business, using urban infrastructure, social facilities, public facilities, land and buildings owned by the government and / or private sector that are temporary / non-permanent.

According to Mcgee and Yeung (1977), street hawkers have the same meaning as 'hawkers', defined as those who offer goods and services for sale in public, especially on the sidewalks and sidewalks. Similarly, Soedjana (1981) defines street hawkers as a group of people offering goods and services for sale on sidewalks or on the edge / side of the road, around shopping centers / shops, markets, recreation centers, and educational centers, either permanent or semi-permanent, are informal or semi-official and performed either morning, noon, evening or night.

Spatial planning process, often not considering the existence and need of space for street vendors. The available city spaces are focused only on formal activities and functions. This condition causes the street vendors to trade in places that are unplanned and not functioned for them. As a result they have always been the object of order and extortion of the order officials and make the city memorable chaotic.

Studies show that in almost all Asian countries, street hawkers have no legal status in running their businesses and they continue to get violent acts by the city government with a program in the name of order or structuring (bhowmik, 2005). On the other hand, the roles of the informal sector including street hawkers have not been fully accepted by the city government. Street traders are more viewed as non-profit activities, as they do not contribute to the local or national economy through taxation. They are marginalized on the development agenda, thereby adversely affected by socio-economic macro policies.

Limited policy support makes the sector unsafe (bhowmik, 2005), which adversely affects the livelihoods of the urban poor. They are notorious for giving some urban residents the need for goods or services that can not be provided by large retail outlets. Despite the fact that street vendors are an important source of livelihood for the urban poor, street hawkers also occupy road bodies and sidewalks and leave little room for pedestrians. This condition is a public concern because it creates congestion problems and movement of people in the pedestrian, and creates a dirty and unhealthy environment. Street vendors who occupy space and public roads can also create social problems such as the presence of pickpockets, thieves, and so forth. This situation creates problems in the management, development and destruction of morphology and urban aesthetics.

Street vendors or in English are also called street traders are always included in the informal sector. In its development, the existence of street vendors in the urban areas of Indonesia we often encounter problems related to security and public order disturbances. Impression of slums, wild, destructive beauty, as if it has become a patent label attached to this micro-enterprise. They sell on street sidewalks, in city parks, on bridge crossings, even on the road. The city government has repeatedly disciplined those suspected of causing traffic congestion or destroying the beauty of the city. Street traders are seen as part of the problem (part of problem).

Regulatory efforts, as often exposed by television media often end in clashes and get physical resistance from street vendors themselves. Together with other community components, it is not uncommon for street vendors to rally. On the case, true if its existence is polished and arranged consistently, the presence of street vendors will actually add exotic beauty of a tourist location in the middle of the city. This can happen if a street vendor is used as part of the solution (part of solution).

As mentioned above, street vendors grouped in the informal sector are often used as scapegoats from the causes of traffic chaos and environmental uncleanness. Nevertheless, street vendors are very helpful to the interests of the community in providing employment opportunities with independent employment or a safety belt for workers who enter the labor market, in addition to providing the needs of middle to lower class society. In general, the informal sector is often considered more able to survive than other business sectors. This can happen because the informal sector is relatively more independent or independent of others, especially regarding capital and more able to adapt to the business environment.

The evidence illustrates that work as a street vendor is one of the jobs that is relatively unaffected by the economic crisis because the impact of the economic crisis is not significantly felt by street vendors. In this case, street vendors are able to survive under various conditions, despite the economic crisis.

### III. RESEARCH METHODS

This type of qualitative research through phenomenology approach.

### IV. DISCUSSION

#### A. *The Role of Government Towards Empowering the Economy of Traditional Traders Towards Competitive Advantage*

The ideology and practice of market economy through trade liberalization is critically considered not to contribute positively to the economic development of the country, especially developing or poor countries. A market economy that provides a limited role to the state, will undermine the country's economy on its downturn. The economic and monetary crises occurring in various countries, especially developing countries that have an impact on people's lives, are one result of the escape of state control over the domestic economy of a country. The domestic economy of the country is already controlled by market forces. And we all know that market power is not something that is neutral, runs naturally, but is controlled by industrialized nations. In other words, developed industrialized countries have a mission to be involved in controlling the economic system of countries in the world.

In the midst of unhealthy business competition, between modern market and traditional market, Peter Evans thinking I think it should be considered as a solution to save the fate of traders and the increasingly eroded traditional market. Evans said, there needs to be intervention on markets that are so "wild" dominated by large investors. Local governments do not necessarily follow the overall market economy of the capitalistic market. The government must protect the economic interests of populist, especially the traditional traders who have limited business capital.

In the view of pro-market economists, the market economy or economic liberalization—one of which is embodied in the form of modern market development, mallization, and retailization in a country—is regarded as a way out for the congestion of economic growth for the world, from the beginning by those of the sciences social critics and who think about the need for a fair economic world order and for those who do the favor of the weak, have been suspected of being a new wrapper of imperialism and colonialism.

One of the efforts that can be done is to give birth to more economic development policies that can be felt directly by the traditional market society as a form of responsibility of the city government to the public, namely by making strict regulations to protect traditional markets, support infrastructure improvements and strengthening management and capital traders in traditional markets. As for the modern market needs to be done review of the target consumers and components of goods sold, including the price.

Juridically, efforts to save the fate of traditional market traders from the devastating attacks of modern markets already exist. Call it for example the central government has issued a presidential regulation (Perpres) no. 112/2007 on the arrangement and fostering of traditional markets, shopping centers and modern stores on 27 December 2007. As a follow-up, the provincial government together dprd Java has made a draft local regulation on protection and empowerment of traditional markets and modern market arrangement in eastern Java. But it has been running two years, the draft raperda has not been legalized.

Prolonged drafting of the draft legislation will certainly provide "free" space for big investors or retailers to build retail networks in various places. And at the same time, the fate of traditional markets in the shelter will be increasingly squeezed and threatened with bankruptcy.

Therefore, the provincial government to immediately legalize the traditional market raperda so that it can be followed up by the district / city government to give birth to a more implementative and protective regulation of traditional markets. In the regulation at the Regency / City level should dare to regulate the limitation of modern market development. Do not let the already-ratified regulation become "toothless tiger", unable to ensnare the retail capitalist. In addition, if you cannot just limit, but prohibit it. Given the modern markets that exist today is too much. And the impact is already felt and seen. With clear and decisive regulation, at least it can protect and save traditional traders from economic downturns due to the attacks of very big capitalistic brokers.

Constitutionally, the state has a great obligation and responsibility to protect national sovereignty and interests. The ideals of freedom embodied in the opening of the 1945 UUD, namely: "protect the whole of Indonesia and the slaves of Indonesia and promote the common welfare and participate in

the implementation of world order " should be the basis and the collective basis for the government in running the program of economic development national. According to the populist economist, Sri Edi Swasono, the ideals of freedom which is a costume constitutional demands are not mortgaged and become a commodity in a free market era that is very capitalistic and based on liberalism (perfect individual liberty).

#### *B. The Role of Government to Business*

The rapid development of the business world and industry in Indonesia today brings a huge impact in the dynamics of business in this country. Economic conditions and demands toward the world free market make the entrepreneurs competing in developing their business. Various breakthroughs and forms of cooperation are mostly done by business actors in various sectors. One form of breakthrough that is currently a lot of material conversation is a trading cooperation in the form of a franchise. Understanding the franchise according to a. Abdurrahman is: "an agreement or agreement between the levaransir and the retailer or the wholesaler, stating that the first gives the latter a right to trade the product, on terms agreed upon by both parties". Furthermore, in the dictionary of business terms, as quoted by Munir Fuady, mentioned that the franchise or franchise has many meanings. Among other things are the following: a license granted by a company (franchisor) to a person or to a company (franchisee) to operate a retail outlet, food or supermarket in which the franchisee agrees to use the franchisor's property in the form of name, product, service, promotion, sales, distribution, methods for display, and other.

The right to market a company's goods or services within a certain territory, the right has been granted by the company to an individual, an individual group, a marketing group, a retailer or a wholesaler. In Indonesia, the development of franchises shows very rapid progress. The rapid development can be seen from the new trend of business development through the franchise is no longer a monopoly of foreign companies. Domestic franchisors have been born and even developed in various major cities in Indonesia, such as es teler 77, kebab turki yogya. Tanzil friedchiken, Pontianak fried banana, Indomaret and many others. Because the franchise or franchise business system is so attractive and profitable for small entrepreneurs or local entrepreneurs, the government considers it necessary to regulate the business. To create an orderly business by way of franchise or franchise as well as to provide protection to consumers. So has been issued government regulation number 16 year 1997 about franchise through state sheet number 49 year 1997 which in its development have been revoked and replaced by government regulation number 42 year 2007 about franchise.

To increase the role and participation of the wider community in this franchise or franchise business, it is necessary for the participation of small and medium entrepreneurs. Either as a receiver or franchisor. Franchise or franchise business needs to

be developed again in order to encourage the growth and development of the economy of the people of Indonesia. Any entrepreneur who runs a franchise or franchise business must register its business. So can know the development of franchise or franchise nationally. In the case of franchise or franchise registration, the minister of industry and trade has issued a decree of the minister of industry and trade number 259 / mpp / kep / 7/2007 on the provisions and procedures for conducting franchise registration. The government's attention to economic actors is done through government intervention in the field of regulation. That is in terms of making the rules of the game are summarized in legislation as legal codification. Various government policies have been made in the effort to support economic development, either macro policy or micro economic policy.

One of the micro policies undertaken by the government is to give more attention to economic actors in order to improve their business. One form of government attention to business actors is through the launching of partnership program. The fact shows that small business still can not realize its ability and role optimally in national economy. This is due to the fact that small businesses are still facing various obstacles and constraints. Both external and internal, in the field of production and processing, marketing, capital, human resources, and technology, and business climate that has not been supported for its development. In this regard, small businesses need to empower themselves and be empowered based on the framework of national law based on Pancasila and the 1945 Constitution for the realization of economic democracy based on the principle of kinship. To produce the optimal level of efficiency and productivity required synergy between parties who have strong capital, advanced technology, modern management with parties who have raw materials, labor and land. This synergy is known as partnership.

The resulting partnership is a process that is needed jointly by parties who partner with the goal of obtaining added value. Only with mutually beneficial partnerships, mutual need and mutual strengthening, the business world of both small and medium will be able to compete. Partnership is a business strategy undertaken by two or more parties within a certain timeframe to gain profit along with the principle of mutual need and mutual exaggeration. Because it is a business strategy, the success of the partnership is determined by the compliance among the partners in running the business ethics. Formal juridical partnership programs are set forth in Act No. 20 of 2008 on micro, small and medium enterprises, and government regulation No. 44 of 1997 on partnerships. Mentioned in article 1 item 13 of law number 20 year 2008 that partnership is cooperation in business relation. Whether directly or indirectly, on the basis of the principle of mutual need, trusting, strengthening, and profitable involving micro, small and medium business actors with great effort.

Basically the partnership is a mutually beneficial activity with various forms of cooperation in the face and strengthen each other. Julius Bobo stated that the main purpose of the partnership is to develop self-propelling growth scheme with a strong and just economic foundation and structure with the people's economy as its main backbone. In the concept of business cooperation through this partnership, the cooperation between large and medium enterprises with small businesses is based on equal status or have the same degree to both partners. This means that cooperative relationships between large and medium-sized entrepreneurs and small entrepreneurs have equal standing with reciprocal rights and obligations so that no party is harmed. Nobody exploits each other and grows trust among the parties in developing their business. With a partnership relationship through this partnership is expected big or medium entrepreneurs can establish mutually beneficial relationships with small entrepreneurs or other economic actors. So that small entrepreneurs will be more empowered and tough in trying to achieve prosperity.

The form or pattern of partnership according to Article 26 of Law number 20 of 2008, namely the core pattern of plasma, sub-contract, franchise, general trading, distribution and agency, other forms of partnership. Such as: profit sharing, operational cooperation, joint venture, and outsourcing (article 26 of law number 20 of 2008). Based on the provisions of article 26 of law number 20 of 2008 mentioned above, it is seen that franchise is one form of partnership. It is acknowledged that up to now there are no specific laws on franchising in Indonesia. The franchise business is based on the agreement. Whereas pursuant to article 1338 paragraph (1) civil it is stated that the agreement made legally has the force to apply as the force of enactment of a law. As we know, franchising is strongly related to brand or patent and copyright issues. So that brand, patent and copyright laws apply also to the franchise business. Against the operation of a franchise that passes between countries, aspects of foreign investment also apply.

In general it can be said that the positive law arrangement regarding franchise business in Indonesia is only regulated by government regulation number 42 year 2007 about franchise. Against the operation of a franchise that passes between countries, aspects of foreign investment also apply. In general it can be said that the positive law arrangement regarding franchise business in Indonesia is only regulated by government regulation number 42 year 2007 about franchise. Mentioned in article 1 point 1 of government regulation number 42 of 2007, that is a franchise is a special right owned by individual or business entity to business system with business characteristic in order to market goods and services that have proven successful and can be utilized and used by other parties under a franchise agreement. The franchise agreement as mentioned above is held based on a written agreement between the franchisor and the franchise recipient with due regard to Indonesian law. In the event that the agreement referred to above is written in a foreign language,

the agreement must be translated into Indonesian (article 4 of government regulation number 42 of 2007). As in the agreement in general, in the franchise agreement there are also rights and obligations of each party. Mentioned in article 7 of government regulation number 42 of 2007, that the obligation of the franchisor must provide prospectus of franchise offer to the franchise recipient at the time of bidding. The franchisor according to the provisions of Article 8 of Government Regulation No. 42 of 2007 shall also provide coaching in the form of training, management operational guidance, marketing, research and development to the recipient of the franchise on an ongoing basis.

Government Regulation No. 42 of 2007 does not govern much about the rights and obligations of franchisees. Article 11 of Government Regulation No. 42 of 2007 only requires the recipient of a franchise to register a franchise agreement. The registration is done in the office or the authorized institution in each region. Although Indonesia does not have a law that specifically regulates franchise business, but the existence of government regulation number 42 year 2007 has enough to provide legal basis for franchise business in Indonesia.

However, of course, the above mentioned legislation will not be useful if there is no enforcement effort, especially in terms of franchising business and supervision. Development of the government and local government has never been implemented at all, even at the local government level almost no coaching efforts are made, except for the registration of business licenses only. Similarly, in terms of education and training, recommendations for utilizing commercial facilities, recommendations for franchise exhibitions both at home and abroad, consulting assistance through business clinics, awards to the best local franchisors and / or capital strengthening assistance, realized. In the field of sanctions imposed, it also never happened in practice. Logically it can be said "how to apply sanctions, if the supervision just never done". Admittedly, that with the issuance of government regulation number 42 of 2007 has made franchise development in Indonesia increasing rapidly. This is based on the fact that there is, where seen the development of franchise business in Indonesia which from day to day experienced a very sharp increase. One more evidence that shows the increasing number of franchise business in Indonesia is the increasing number of types and forms of franchise that exist at this time. Even in its development, the existing franchise business in Indonesia today is not only on the type of food and beverages only. But already penetrated in other areas, such as property, supermarkets and so forth. However, unnoticed by the government, government policy in facilitating the franchise business has an impact on the development of UMKM in Indonesia. The number of franchises, both in the form of street vendors or mini market has made the traditional market increasingly slumped existence.

Whereas in the traditional market activities many small business actors involved in it, such as the traditional food

industry. With the development of mini market in the form of franchise, of course, make the traditional food entrepreneurs classified as small business is not able to market their products so that eventually will make the business dead. This is what should be anticipated by the government, especially when considering the franchise in the field of food and beverages that generally come from abroad. Moreover in reality, many franchise business is done by upper class or middle to upper economy, the high price of franchise package make small entrepreneurs unable to follow the franchise business, which in the end it will widen the gap separating social strata. In this case the government should remain consistent with the purpose of holding a franchise business, namely as a partnership program to raise the degree of small business actors in order to remain able to exist and compete in the market. Instead of turning it off.

Traditional markets operate within limited hours, generally only operating in the morning and not open until late afternoon or evening. Working women typically take advantage of lunch breaks to simultaneously shop for family needs in the modern market close to their work locations. The level of public awareness of health is increasing, less captured by traditional market managers who do not pay much attention to market hygiene and market facilities. The presence of modern markets makes shopping into a family tour that provides its own experience. Stages required by traditional markets to improve their business competitiveness and survive (avoid death) in retail business competitions according to future analysis of their organizations in generating economic activities that can absorb employment and regional development (practice and strategy) are the ability of responsiveness, agility, learning ability, human capital competence and creativity of traditional market operators as part of organizational excellence has not resulted in extensive capacity, flexibility and diversity. As a result, traditional markets are always synonymous with shabby shopping spots, muddy and smelly, and therefore only visited by lower classes.

The development of traditional markets in convenient special places such as the traditional market of integrated housing complexes involving developers as part of their corporate social responsibility has proven successful in enhancing the status of traditional markets as a center of broad economic activity that can absorb employment and regional development. The traditional market is proven to be able to live and grow rapidly because of the crowds visited by all walks of life, which not only from the area but also from the surrounding areas such as Bintaro and Beautiful huts.

#### *C. Structuring and Empowering Street Vendors (Peddlers) by the Central Government*

The central government has issued Presidential Regulation No. 125 of 2012 on the coordination of structuring and empowering street vendors which is then followed up with the issuance of the Minister of Home Affairs Regulation No. 41 of

2012 on guidelines for structuring and empowering street vendors. In the regulations of the minister of the interior mentioned that the purpose of structuring and empowering street hawkers (street hawkers) is to provide business opportunities for street vendors through the determination of the location in accordance with its designation; cultivate and develop the capability of the street vendor to become a robust and independent micro-economic enterprise; and to realize a clean, beautiful, orderly and secure city with adequate and environmentally sound urban infrastructure and facilities.

With the presidential decree number 125 of 2012 and regulations of the minister of the interior number 41 in 2012, the provincial government and city / regency government must conduct arrangement and fostering of street vendors in their respective areas. One of the mandates contained in the regulations of the minister of the interior number 41 of 2012 is the regent / mayor set the location or area according to its designation as the location where the business of street vendors. Determination of location or area where the business of street hawkers is conducted by taking into account the public interest, social, culture, aesthetics, economy, security, order, health, environmental hygiene and in accordance with the regional regulation on spatial planning of provincial and district / The location where the business of the street vendor is a permanent or temporary location of the regent/mayor head and has been equipped with a nameplate and a sign or sign indicating the limit of the number of street hawkers in accordance with the laws and regulations.

In addition, the regents / mayors are also required to empower street vendors through enhancement of business capability; facilitation of access to capital; facilitation of trade facilities assistance; institutional strengthening; facilitation of increased production; processing, network development and promotion; and coaching and technical guidance. Meanwhile, empowerment of street vendors that require facilitation of cooperation between districts / cities is done by the governor.

In conducting empowerment of street vendors, regents / mayors can cooperate or partnership with the business world through corporate social responsibility (csr) program in the form of rejuvenation of place of business of street hawkers; improvement of entrepreneurship capability through guidance, training and capital assistance; business promotion and event at the target location; and play an active role in the arrangement of street vendors in urban areas to be more orderly, clean, beautiful and comfortable.

Structuring and empowering street hawkers (street hawkers) by local government.

Among local governments that have done the structuring and fostering of street vendors are:

- The city government Tarakan through regional regulation no. 20 of 2001 on regulation of street hawkers and seasonal street vendors.
- City Government of Yogyakarta through regional regulation No. 26 of 2002 on structuring of street vendors.
- Surabaya city administration through local regulation no.17 of 2003 on structuring and empowering street vendors.
- Mojokerto municipal government through regulation no.5 of 2005 on structuring and fostering activities of street vendors.
- District Government Wonogiri through local regulation no.7 of 2006 on structuring and fostering street vendors.
- Surakarta municipal government through local regulation no.3 of 2008 on the management of street vendors.
- The city government Bima with regulation no.11 of 2010 on structuring of street vendors.
- District Government Islands sail through local regulation no.4 of 2010 on structuring and fostering street vendors.
- District Government through regulation no.11 year 2000 about setting and fostering street vendors.
- Bandung Municipal Government through Local Regulation No.4 of 2011 on structuring and fostering of street vendors.

In addition to the 10 local governments above, there are still many cities and districts that already have local regulations to organize and empower street vendors. With the increasing number of municipalities and regency governments that have regulation on structuring and empowering street traders are expected economic empowerment through informal sector, especially street hawkers, will increasingly increase the number of entrepreneur which in the end can reduce the level of poverty in Indonesia.

## V. CONCLUSION

Traditional Traders in traditional markets are very important, because it is the main distribution channel of Indonesian people's agricultural products, currently not able to compete with traders in modern market. Though not a few people who rely their lives to the traditional market. When hit by the economic crisis, traders in traditional markets are able to support the lives of some Indonesians, both traders and farmers who market their agricultural products through traders in traditional markets. Therefore, the government needs to make policies that can accommodate people's expectations, their agricultural produce can be channeled easily and professional. With the rapid presence of traders in traditional markets, the impact on local suppliers that generally cannot enter the large retailers.



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