

## CHAPTER I

### INTRODUCTION

#### A. Background

In the current globalization era, traditional markets play an important role for some communities to meet the growing needs of life where products are increasingly expensive (Brata, 2016). The existence of traditional markets can be felt to be very competitive in line with the presence of modern markets that are mushrooming in the midst of people's lives so that traditional markets must be able to provide quality products that can be used as daily necessities for the community (Muftiadi, 2016). In supporting the creation of traditional markets with high quality, good infrastructure must be supported as one of the important factors in supporting quality development (Choerudin, 2018). However, there are still many traditional markets that need improvement in some places that are starting to break down. Traditional market damage is usually caused by natural disasters or lack of maintenance.

In addition, traditional markets are always tinged with congestion everywhere so that people are increasingly turning to modern market that has guaranteed comfort and cleanliness (Malono, 2013). Based on the results of the research of A.C Nielsen's 2013 in (Septiari, 2018) the number of traditional markets in Indonesia continues to decline. In 2007, the traditional market amounted to 13,550, in 2009 amounted to 13,450, in

2011 amounted to 9,950, and in 2013 amounted to 9,850. The presence of the modern market is slowly shifting the role of traditional markets. This situation raises concerns about the sustainability of traditional markets, which in fact many small traders depend on their lives (Pramudyo, 2014). Traditional market expansion continues to decline and will be less competitive with the modern market network so that it has an impact on the traditional market itself, one of the current government's strategies to improve traditional market existence is the development revitalization effort (Alfianita, 2015).

In the era of President Joko Widodo, the revitalization of traditional markets became one of the important programs that had to be carried out, it was stated in the 2015-2019 National Medium Term Development Plan (RPJMN) which targets revitalizing 5,000 markets throughout Indonesia. Distribution of Funds to revitalize the traditional market comes from Special Allocation Funds (DAK) and Assignment Assignments (TP) (<http://presidenri.go.id>, accessed on October 23, 2018). Therefore, the funds are contained in the State Budget (APBN), even though not all traditional markets are budgeted through the APBN because the conditions of the traditional markets that are over 25 years old, severely damaged and cannot be used to distribute goods for basic and strategic goods, especially in areas where trade facilities are still minimal. Traditional markets that are not included in the revitalization plan in the State budget (APBN) can be budgeted through the Regional Expenditure Budget (APBD) or partnership with Business Entities/parties. Therefore, the revitalization of traditional markets is a commitment of the government to move the people's economy and become

a viable place in conducting effective and efficient buying and selling transactions. This is actually in line with the national strategic plan in meeting traditional market revitalization targets supported by good infrastructure.

Based on the final report from the analysis of the direction of traditional market development in 2015 by the Ministry of Trade of the Republic of Indonesia, it proved that traditional markets have contributed employment to the community as many as 12.6 million traders and not including suppliers of goods and market managers scattered throughout traditional markets. Therefore, the existence of traditional markets which are now increasingly squeezed from the rapid growth of modern markets is important to be immediately rescued through the revitalization or traditional market development program.

The implementation of traditional market revitalization is certainly inseparable from the role and function of the regional government as one of the main actors in the revitalization of development, it is to create a comfortable traditional market and maintain traditional market sustainability (Hasan, 2016). In developing revitalization, the government cannot depend on just one sector its implementation. This is based on the budget as one of the supporting factors in development. In fact, the APBN and APBD also cannot cover in one sector. This must be distributed for the development of other sectors such as education, health, defense, and security. The existence of government limitations regarding the budget makes the role of the private sector very necessary to develop facilities and infrastructure in meeting the needs of the

community. Therefore, a public-private partnership scheme emerged (Masitoh, 2014). Another reason for implementing the public-private partnership scheme is as a form of participation of the private sector in providing public services through human resources that can carry out the implementation of revitalization development. The private sector can take over the management of funding and the implementation of revitalization development. Therefore, the public-private partnership scheme has mutual benefits and interests for both parties namely the government and the private sector in providing services for the community.

The Gunungkidul Regency Government of Special Region of Yogyakarta Province is one of the regional governments that had revitalized traditional markets. According to the Head of Market Management of Department of Industry and Trade of Gunungkidul Regency which was quoted through (<http://jogja.tribunnews.com> accessed on October 10, 2018) there are eight markets that have been revitalized namely Jimbaran Market, Baran Market, Ngrancak Market, Sinoyoharjo Market, Nglipar Market, Trowono Market, Playen Market and Metel Market.

Trowono Market is the largest traditional market in the southern region of Gunungkidul Regency, it is the main economic driving center for people in the southern part of Gunungkidul Regency. However, this market seems quite alarming where there are many findings of several problems that arise. According to (<http://infogunungkidul.com/>, accessed on October 20, 2018) Trowono Traditional Market looked dirty, muddy, smelly, and dirty. In addition, according to (<http://gunungkidul.sorot.co>,

accessed on October 20, 2018) the regulation of traders in this market is also still irregular, due to lack of attention from the government. Therefore, many building conditions seemed to be neglected and also not maintained, where according to (<http://kpsrb.bappenas.go.id/>, accessed on October 25, 2018) this problem had actually become a common problem that occurs in traditional markets and the problems are not accommodated by the government.

Trowono Traditional Market has several disadvantages such as facilities and infrastructure that are not supported, so the government is required to be improved. Therefore, this market requires revitalization efforts to provide comfortable conditions in buying and selling transactions and for it can compete with modern stores that are starting to penetrate this area. Since 2016, this market had completed revitalization and created a cleaner and more organized market environment with additional supporting facilities (<https://gunungkidulpost.com>, accessed on October 20, 2018). This resulted of the seriousness of the Gunungkidul Regency Government in improving the quality of traditional market infrastructure. Therefore, this revitalization is believed to aim to improve the quality of the market environment which ultimately creates development that has good infrastructure and human resources with the direction and development goals of the Gunungkidul Regency Government, namely *“Realizing Provision of Basic Facilities and Adequate Infrastructure”*.

In the Trowono Traditional Market revitalization project, the government used the PPP scheme. According to (Abbas, 2018) Public-private partnership is a contract-based

relationship that specifies in detail the responsibilities and obligations of each partner. According to (Masitoh, 2014) with this partnership is expected to have a good impact on investment allocation and also improve service quality. According to (PKP2A, 2009) as for the government's reasons for partnership with the private sector such as the involvement of the private sector is an alternative to overcome the limitations of the government budget, form the contribution of the private sector to development and increase mobilization to support the public interest, create transparency and improve the quality of the development process and encourage efficient public service management , and as an effort to grow the economy of the community to develop more widely.

The public-private partnerships for revitalizing Trowono Traditional Market are carried out by the Department of Industry and Trade with several private sectors such as CV. Seia Cons, CV. Jana Consultant, and PT. Putra Kharisma Sejahtera. Furthermore, some of the private sectors were implemented through different tender process by the Government of Gunungkidul Regency through the Special Region of Yogyakarta Procurement Service and Gunungkidul Regency Procurement Service. The victory of several private sectors are due to the suitability of their documents with the rules determined by the Gunungkidul Regency Government. Moreover, to create a relationship between the government and the private sector as a party that provides services through all stakeholders, namely with the public-private partnership scheme. Public-private partnership in the Trowono Traditional Market revitalization was

implemented in 2016. The partnership contract has been agreed upon by the Gunungkidul Regency Government which fully believed in several private sectors such as CV. Seia Cons as a Planning Consultant, CV. Jana Consultant as a Supervisory Consultant, and PT. Putra Kharisma Sejahtera as a contractor in revitalizing the Trowono Traditional Market.

The existence of Public-Private Partnership in Trowono Traditional Market revitalization has encouraged the interest of researcher to find out more deeply related to the partnership between the Gunungkidul Regency Government with the private sectors such as CV. Seia Cons, CV. Jana Consultant, and PT. Putra Kharisma Sejahtera. Furthermore, to determine the extent of involvement of the partnerships, the researcher used the theory of public-private partnership, which refers to the procedure from the Coordinating Ministry for Economic Affairs. Therefore, in this study, the focus of the researcher is to examine more deeply the process of public-private partnership in all of the process correlated. Therefore, the researcher raised the title, namely: *Public-Private Partnership for Trowono Traditional Market Revitalization in Gunungkidul Regency in the Year 2016-2017*.

## **B. Research Question**

Based on the background above, the researcher can formulate a research question, namely: How is the Public-Private Partnership to Revitalize the Trowono Traditional Market in Gunungkidul Regency in 2016-2017?

### **C. Research Objective**

Based on the research question above, the researcher aims to find out and understand the Public-Private Partnership for Trowono Traditional revitalization in Gunungkidul Regency Year 2016-2017.

### **D. Research Benefits**

The benefits of this research are divided into two, as follows:

#### **1. Theoretical Benefits**

This research is expected to be able to increase knowledge and development of governmental science, especially those related to PPP studies in the revitalization of infrastructure development. In addition, this research is expected to be a reference for further relevant researchers.

#### **2. Practical Benefits**

This research is expected to be able to provide a practical contribution to the work units of the regional government related to the PPP process, as well as to realize good governance in the future. In addition, this research can be used as reference material or empirical evidence regarding public-private partnership for Trowono Traditional Market revitalization.



## **E. Literature Review**

This study refers to the results of previous research that can be used as a comparison material and study material to strengthen existing theories. The previous research which have the same theme about public private partnership are as follows:

The first study was done by (Masitoh, 2014) with a study entitled “*Public Private Partnership (PPP) Pengelolaan Aset Daerah: Studi Deskriptif tentang Kemitraan antara Perusahaan Daerah Pasar Surya (PDPS) Surabaya dengan PT Arwinto Intan Wijaya (AIW) dalam Pembangunan dan Pengembangan Darmo Trade Centre (DTC) Surabaya*”. This study uses descriptive research with a qualitative approach. The variable used as a form of cooperation with indicators focusing on the study of the Build Operate Transfer (BOT) model. The results of the study indicated that the implementation of the partnership between PDSS and PT AIW was not in accordance with the provisions in the implementation phase of PPP, as the implementation had been carried out in the absence of public consultations, feasibility studies, and risk reviews. In addition, in the implementation of this partnership there was a mismatch of the partnership implementation process, in which form of cooperation should be determined by PDPS before the tender, but what happened in this partnership was a partnership established after the tender was held through negotiations with PT AIW. The similarity of the research above with the research that will be examined is that both of them took the topic of PPP, but it only focused on the variables of the form of cooperation where the indicators were studies on BOT modeling in the development

and development of the Darmo Trade Center. Meanwhile, this study examines the overall variables of PPP process which is according to the Coordinating Ministry for Economic Affairs Republic of Indonesia.

The second research was employed by (Melyanti, 2014) with a study entitled “*Pola Kemitraan Pemerintah, Civil Society, dan Swasta dalam Program Bank Sampah di Pasar Baru Kota Probolinggo*”. This study used descriptive research with a qualitative approach. This study aimed to find out more about partnerships between government, the private sector and civil society in the waste bank program where the variables used were implementation with indicators of physical improvements in the form of PDAM installations as well as indicators of an increase in environmental health through waste banks. The results of this study indicated that the partnership pattern that occurred between government, civil society and the private sector used mutualistic partnership patterns. As indicated by the existence of a cooperative relationship between the government, civil society and the private sector which played a role in planning and implementing the waste bank program. The roles of the government were as a commitment strengthener, assisting and also contributing both physically and non-physically in the implementation of the waste bank program. In addition, it was the role of the private sector in providing physical and non-physical assistance in its operation. Therefore, that the established partnership pattern created mutual trust, the existence of provisions and recording of costs, recording of goals and responsibilities in coordinating between actors in the implementation of the waste bank program, as well

as answering indicators from the improvement of environmental health by making a strategy to invite people to save by “picking up the ball” which was providing garbage pick-up services for areas close to the location of the waste bank. The equation with this research is to discuss PPP, but the above research focused on implementation variables with indicators of physical improvement and improvement of environmental health with a “pick up the ball” program. Meanwhile, this research will be examined is more on the overall discussion of the variables in PPP process by the Coordinating Ministry for Economic Affairs Republic of Indonesia.

The next study was done by (Aslamiyah, 2014) with a study entitled “*Model Partnership Sebagai Upaya Strategis Peningkatan Air Bersih (Studi Terhadap Public Private Partnership Di Perusahaan Daerah Air Minum Kabupaten Gresik)*”. This study used descriptive research with a qualitative approach. The variable used as a form of cooperation with indicators of the Build Operate Transfer (BOT) modeling study. The results in this study indicated that the model used in this partnership used the BOT (Build Operate Transfer) system, where this partnership lasted for 25 years since the signing of a cooperation contract with the PDAM. The private sector of PT. Dewata Bangun Tirta must produce bulk water with a capacity of 200 liters/ second. The involvement of the private sector Therefore Gresik PDAM has succeeded in increasing clean water services in the Gresik Regency Regional Water Company. The similarity with the above review is both used the same PPP topic, but the researcher above only focused on the form of cooperation variables, meanwhile the researcher discusses the

overall variables in PPP process by the Coordinating Ministry for Economic Affairs Republic of Indonesia.

Another research was done by (Patimah, 2014) conducted a study entitled *“Kemitraan Kolaboratif Pemerintah Daerah Sarbagita (Denpasar, Badung, Gianyar, Tabanan) dengan Pihak Swasta PT Noei dalam Pengelolaan Sampah di Wilayah Sarbagita”*. This research used qualitative descriptive methods and a form of partnership variable with a discussion indicator on the type of cooperation, namely BOO (Build Own and Operate). The results of this study stated that PT NOEI could fully build and operate as long as it is still running for 20 years. The Sarbagita Regional Government was only obliged to provide a minimum of 500 tons of garbage per day and provide land for the construction of an integrated waste treatment plant. Financing the construction and processing of waste was the responsibility of PT NOEI. In addition to processing waste to be used as electricity, IPST will also process waste to be composted. This research focused on discussing the form of cooperation between the government and the private sector. Meanwhile, the research that will be carried out further looks at the whole process of partnership between the government and the private sector in more detail through PPP process according to the Coordinating Ministry for Economic Affairs Republic of Indonesia.

Another research was done by (Undagi, 2015) with a study entitled *“Proses Kerjasama (Networking) Antara Pemerintah, Swasta Dan Masyarakat Mengenai Keberhasilan Relokasi Pasar Satwa Dan Tanaman Hias Yogyakarta (PASTY)”*. This

research was conducted with qualitative methods with interviews with informants and observations. This study used variable consultation with indicators of the negotiation process between the government and PASTY market traders, the interests of the government, the private sector and traders in the success of relocation of PASTY. The results of this study indicated that the partnership process required active communication, where the important actor in question was the government with market traders PASTY as the key negotiating actor in order to relocate the Ngasem Market to PASTY. This aimed to reorganize the City area and also developed the economic potential in the southern region of the city of Yogyakarta. In order to create comfort, the government was slowly negotiating with traders and was able to guarantee that traders can increase the proceeds of their sales later on. The above research only focused on variable public consultation with indicators of government negotiations with market traders PASTY and also the interests of the government, private sector, and traders in the relocation of the market. However, the research that will be examined focuses on the overall variables of the PPP process according to the Coordinating Ministry for Economic Affairs Republic of Indonesia.

The next was research employed by (Mahsyar, 2015) entitled “*Public-Private Partnership; Kolaborasi Pemerintah Dan Swasta Dalam Pengelolaan Asset Publik Di Kota Makassar*”. This study used a type of qualitative research with a type of case study where it used the variable forms of cooperation with indicators of contraction out modeling studies in the form of outsourcing in the management of public assets. The

results of this study showed that the Makassar City Government with PT Tosan Permai Lestari had a positive impact, where the partnership used a contracting out the model in the form of outsourcing. This model gave the authority of the private sector to utilize and manage for 30 years. After the contract period has expired, it will be handed back to the Makassar City Government. The research above has similarities in discussing PPP but focused on the variable form of cooperation. Meanwhile, the research that will be examined further discusses the whole of the variables in the PPP process according to the Coordinating Ministry for Economic Affairs Republic of Indonesia with a case study of the revitalization of the Trowono Traditional Market.

Another research was done by (Rolobessy, 2016) with a study entitled "*Public Private Community Partnership Dalam Pembangunan Terminal Transit Passo Kota Ambon 2016*". The method used in this study was a qualitative descriptive research method. This study aimed to find a new concept in the construction of the Ambon City Passo transit terminal and also the use of private resources in its development. This study used implementation variables with an indicator of physical work in the construction of the Ambon City Passo transit terminal. The results of this study indicated that the construction of the Passo Transit Terminal was more dominating the government and the role of the private sector was still limited to the implementing contractor. There were no investors who have invested in the implementation of development. Therefore, that the partnership in the construction of the Passo Transit Terminal has not been achieved. The equation with the above research is to discuss the

topic of PPP but it only focused on the implementation variable. Meanwhile, the research that will be examined is referring to all PPP variables according to the Coordinating Ministry for Economic Affairs Republic of Indonesia.

The next study was employed by (Uji, 2016) with a study entitled “*Kemitraan Pemerintah Dan Swasta Dalam Pembangunan Bandara Swadaya Sangia Nibandera Kabupaten Kolaka*”. This study used descriptive qualitative methods and the theory of collaborative governance with hollow state concepts. The indicators of the concept put forward by Provan and Mildward which are divided into 3 variable focus in the relationship between government and private partnerships namely (1) mechanism, (2) structure, (3) Incentive. The results of this study indicated that the existence of this partnership was based on the limitations of the government budget, in addition to the existence of this partnership as the responsibility of the private sector in the welfare of the community, then the involvement of the private sector to overcome the limitations of facilities and infrastructure. This partnership between the government and the private sector was not built into a formal service contract, but rather on awareness and shared interests by applying the principle of mutual cooperation. The researcher above used the theory of collaborative governance through the concept of hollow state meanwhile this study uses the PPP theory by the Coordinating Ministry for Economic Affairs Republic of Indonesia.

Another research was done by (Septian, 2016) entitled “*Kemitraan Antara Pemerintah Kota Bogor dengan Swasta Dalam Penataan dan Pemeliharaan Taman*”

*Tahun 2013-2016*". This study used qualitative research methods and form of partnership variables with indicators of discussion about the Bogor City Government model with PT. Madani Green Pillar. The results of this study were using a Lease Contract. This partnership has been going on since 2005 and has been extended every 3 years because the first year of this partnership in its implementation cannot improve the aesthetics so that it becomes a passive park like the Fountain Park and the Seberang Pangrango Plaza Island Park. Therefore, since 2015 the Bogor City Government has made an addendum to the cooperation agreement regarding the design and implementation of garden arrangement and maintenance so that the parks become active parks. In addition, a balanced division of tasks and contributions between the government and the private sector will benefit from the collaboration. Therefore, cooperation in the arrangement and maintenance carried out between the Bogor City Government and PT. The Green Pillar Madani can be declared successful. The similarity of the research above with the research that will be examined now is that both of them raise the theme of PPP, but this research only used the form of cooperation, whereas the research that will be examined is more focuses on the PPP process according to the Coordinating Ministry for Economic Affairs Republic of Indonesia.

The last study was done by (Ramadhania & Rodiyah, 2017) with a study entitled "*Kemitraan Pemerintah-Swasta dalam Program Corporate Social Responsibility di Kabupaten Pasuruan*". This study used qualitative methods through in-depth



interviews, observation, and documentation and the theory of PPP, CSR and community empowerment where the variables obtained are (1) roles and functions of the private sector, (2) roles and functions of the government. From this variable, the indicators were (1) synchronization, (2) synergy and (3) communication. The results of this study indicated that the partnership between the local government of Pasuruan Regency and PT HM Sampoerna Tbk was mutually beneficial. However, private actors were the dominant actors in this partnership. Meanwhile, the Regional Government of Pasuruan Regency only played a role and functions as a regulator, namely making Regional Regulations Number 31 of 2012 concerning Corporate Social Responsibility. The lack of the government's portion in running partnerships was due to the absence of a CSR forum. This public-private partnership was classified as a pseudo partnership due to the absence of written cooperation between the local government and the private sector. The above research is different from the research that will be examined in which the research will refer to the PPP theory from the procedures issued by the Coordinating Ministry of Economic Affairs Republic of Indonesia.

Based on the results of the above research it can be concluded that there are similarities and differences. The similarity in this study lies in the theme of public-private partnerships. The previous studies focus more on just one stage/process and also only discussing the general picture of PPP. In addition, there are still many previous studies that still do not refer to the general provisions of the Coordinating Ministry of Economic Affairs in the process of developing and implementing PPP,

namely through project selection, public consultation, feasibility study, risk assessment, partnership, government support, procurement, project implementation, and monitoring. Therefore, this study will examine Public-Private Partnerships that refer to process procedures that have been determined by the Coordinating Ministry of Economic Affairs. Therefore, the title of this research is the public-private partnership for the revitalization of the Trowono Traditional Market in Gunungkidul Regency in 2016-2017.

## **F. Theoretical Framework**

### **1. Public-Private Partnership**

According to E.S Savas in (Bansal, 2003) defining PPP “A Public-Private Partnership as any arrangement between a government and the private sector in which partially or traditionally public activities are performed by the private sector”. Meanwhile, according to Parente from the USAID Environmental Services Program in (Abbas, 2018) Public Private Partnership is a form of agreement or contract between the government and the private sector which consists of several provisions, among others; the private sector carries out government functions for periods with a certain period; the private sector receives compensation for the implementation of functions, both directly and indirectly; the private sector is responsible for the risks arising from the implementation of the function.

Therefore, in the Public-Private Partnership there is a reduction in activity or government ownership in a particular service or industry because the private sector participates in the provision of services. Finally, according to the National Development Planning Agency in (Retdia Sofiana, 2014) Public-Private Partnership is a collaboration in the provision of public infrastructure between the government and private business entities. The collaboration carried out is a construction worker to build, improve the ability to manage and maintain infrastructure to improve the quality and quantity of public services.

From several definitions of Public-Private Partnership above, it can be concluded that Public Private Partnership (PPP) is a contractual agreement between the government and private/business entities. In carrying out their cooperation, they join in using their respective skills and abilities between parties to improve their service management capabilities to the public. Therefore, the collaboration between the government and the private sector is formed to provide the best quality services at an optimal cost to the public.

Public-Private Partnership aims to improve public services simultaneously so that good governance is achieved. Personal involvement in development has at least several reasons as follow.

- a. The involvement of the private sector is an alternative to resolve the limitations of the government budget, namely the government budget in the implementation of development programs and in providing public services.

- b. Private sector involvement is a form of private sector contribution to the development and enlarges mobilization in supporting public interests.
- c. The involvement of the private sector can create transparency and improve the quality of the development process and encourage the efficient management of public services.
- d. The involvement of the private sector as an effort to grow the economy of the community to be more developed and encourage deregulation of increasingly broad economic management.

Based on several reasons above, in line with the statement put forward by Paskarina in (Fatmawati, 2011) that in principle, the cooperation carried out by the government and the private sector is to improve public services. It is also motivated by the lack of funding and the low quality of services (inefficient and ineffective) of the government as a public service provider. In essence, the involvement of the private sector in the development of infrastructure can provide benefits for both the government and the private sector. For the private sector, the benefits obtained by this mechanism are profit. As for the benefits for the government, it is to simplify the process, time to provide and ease the burden of funding to meet the needs of urban infrastructure. Another advantage gained by the government is the creation of technology transfer and managerial efficiency from the private sector combined with a sense of responsibility and concern for the environment.

## **1.1 Characteristics of Public-Private Partnership**

The characteristics of PPP are partnerships which include sharing between the government and the private sector in the form of investment, risk, responsibility, and reward. The partnership is not built on uniform rules and responsibility patterns but usually varies between projects with one another. The concept of PPP can also not only be seen from the public and private sectors. According to UNDP in (Hardijanto, 2000), PPP actors can be developed into 3 elements, namely:

- a. The state functions to create a conducive political and legal environment.
- b. The private sector, encouraging the creation of employment and community income.
- c. The community, facilitating social political interaction and mobilizing groups in society to participate in social and political-economic activities.

In addition to understanding the characteristics of government and private partnerships, the characteristics also discuss the binding pattern between the Government and the private sector. The partnership between the government and the private sector is the design of relations between the government and the private sector in providing services to the community. Basically, the pattern of government and private partnership refers to the theory of public goods where public service is the responsibility of the government in providing it, meanwhile for private sector goods is the responsibility of the private sector in providing. But in reality, there

are several mixed goods namely semi-public goods and semi-private goods. Public services in question include the supply of pure, semi-public and semi-private public goods. Furthermore, for the mixed goods category, both public and private sectors can provide together. Therefore, to improve efficiency and effectiveness in public servants, the government and the private sector can carry out joint partnership programs (Mardiasmo, 2002).

According to (Mahmudi, 2007) The Public-Private Partnership is a partnership model based on the best provider framework (Best Sourcing). With the framework of Best Sourcing, the government can encourage the private sector to be involved in providing certain public services as it further improves efficiency and effectiveness of services (value for money) and provides a win-win solution for both the government and the private sector.

## **1.2 Process of Public-Private Partnership**

In the Public-Private Partnership there are processes that must be passed, as stated in the Public-Private Partnership Guideline Year 2010 by the Coordinating Ministry for Economic Affairs of the Republic of Indonesia. In this guide, there are differences in implementation procedures between PPP's that are initiated by the government (solicited) and initiated by the private sector (unsolicited). The procedure for implementing PPP in this study includes the initiation of the government which follows the general provisions set out in the process of

development and implementation. The processes based on government initiation must go through the following process:

**Figure 1.1 Process of PPP from Government Initiation**



Source: PPP Guidelines, 2010

- a. **Project Selection**, namely the process by which the Government Contracting Agency (GCA) will identify and prioritize potential PPP infrastructure projects consisting of project identification and prioritization.
- b. **Public Consultation**, which is an effort made by the government to get advice from the public in general and people involved in forming project designs such as advice from the government to business entities.
- c. **Feasibility Study**, which is a technical, commercial and contractual project design that is sufficient to facilitate the bidding (bid) of projects to private partners. Feasibility Study will be conducted by the government which must be completed before the project is tendered. Where this feasibility study is carried out to comply with applicable regulations such as legal validity documents for land acquisition and must include at least the financing design and environmental impact assessment.
- d. **Risk Review**, which is the identification of various risks in the project that can reduce the risk, and the proposed risk transferred by various parties to the cooperation agreement. In general, this risk review is conducted to review the

risk review of legal validity documents for land acquisition, financing design, and environmental impact assessment.

- e. **Forms of Cooperation**, namely a review so that PPP partnerships are structured to optimize value for the public while at the same time not reducing interest from private partners. In general, this Form of Cooperation is carried out as part of the Feasibility Study. As intended, it can help to identify the types of agreements and methods of implementation or project development action plans.
- f. **Government Support**, namely the determination of the number and position of the government that can be contributed by the government for a project, in a mechanism, for example, contributions in the form of physical facilities, financial support/ funding for capital and other costs. In general, government support is carried out to determine the potential for banking eligibility for a project.
- g. **Procurement**, namely the development of a tender package, and the overall tender process that begins before the qualification process until the signing of the contract.
- h. **Implementation**, including construction activities, timeline of initial implementation and operation of the project by the Business Entity.
- i. **Monitoring**, namely the activity of monitoring the project work of the Business Entity as stipulated in the cooperation agreement and monitoring the results of the project. In which to ensure operations in accordance with



regulations and also ensure the results of implementation in accordance with the cooperation agreement.

Whereas the process of developing the project based on private (unsolicited) initiation is the same as the Project based on government initiation (solicited), except in stages (1) to (6) which are carried out by the private sector implementing/initiating the project.

## **2. Market Revitalization**

According to the general guidelines, the program for structuring and revitalizing the Department of Settlements and the Director General of Urban and Rural Planning explains that revitalization is a series of efforts to revive areas that tend to die. It is also explained in (Martokusumo, 2002) that revitalization is an attempt to revitalize an area or part of the city that was once vital/alive, but later experienced a setback. To increase the return of a dead area, programs are needed that can restore the vitality of the region. According to (Ichwan, 2004) revitalization is an ongoing program from the short-term to long-term stages, starting from small spaces to expanding, so that the presence of revitalization is an effort to build and mobilize the strength of local communities in providing socio-cultural and economic benefits for the community

In the revitalization process, improvements are needed that cover physical, economic and social aspects. According to (Ichwan, 2004) revitalization of physical aspects is a short-term strategy that is intended to encourage an increase in long-term economic activities, revitalization of the physical aspects is believed to be able to improve physical conditions for that, it still needs improvement in economic activities that refer to socio-cultural aspects and environmental aspects, this also applies to market revitalization in an effort to revive the market image as a crowded place for sellers and buyers.

According to Wulaningrum in (Kuncahyawati, 2016) state that the market revitalization aims to change the market physically and the management is carried out in a modern way, Therefore spurring market economic growth by aligning the market and the environment in accordance with the demands of the community's needs.

From some understanding of revitalization above it can be concluded that revitalization is an effort to restore the condition of a region/building that has great potential such as history, economy, socio-culture and the meaning of uniqueness of the region. It can also be understood that revitalization is not only oriented to the completion of the physical condition of the building but also it must improve the economy of the community and the existing culture.

The physical changes in the market are expected to increase buyers' interest in the market so that the market has better facilities and infrastructure and also

increases the convenience of buyers in buying and selling activities. According to Ridwan Kamil in (Retdia Sofiana, 2014) there are several basic reasons for revitalization, including the following:

a. Death of economic activity

The general problem of the death of economic activity is one of the causes of the revitalization of a region because it is unable to develop or the area tends to worsen. This is due to the loss of economic competitive power that is rivaled by other regions that are better.

b. Decreased spatial and physical quality of buildings

The next problem is the decline in the spatial and physical quality of buildings due to a large number of old buildings that are not used or areas that are left neglected. This problem generally occurs in regions that have a long history as an economic center in the past but along with the progress of the era left behind because it was unable to adapt to the progress of modern economics.

c. The bad image of the region

An urban area is often abandoned and is not in demand by economic actors because of its bad image as an area. Bad images that usually occur due to extreme social activities such as high crime, the dominance of the informal sector or the strong irregularities of the City system. This has caused many economic actors to retreat regularly and move to other regions that are better.

d. Inadequacy/deteriorating infrastructure of the region

Another problem in this context is the inadequacy of the City infrastructure system. The quality of transportation facilities and utility networks such as clean water, electricity and poor telecommunications often hamper economic activities that occur resulting in a high-cost economy effect. This reduces the interest of economic actors to move around the area.

## **2.1 Principles in Market Revitalization**

In general, in the principle of market revitalization, there is an accomplishment with the revitalization of a region. According to the Ministry of Trade of the Republic of Indonesia, revitalization is not just an improvement on the infrastructure or physical side, but improvements in the economic, socio-cultural and management aspects which are an inseparable part of implementing a revitalization of an area (Handoko, 2011) as described below.

a. Physical

It includes the improvement of the quality and physical condition of buildings, green systems, connecting systems, sign/billboard systems and regional open space.

b. Economy

It is a short-term physical improvement of the area, to accommodate informal and formal economic activities.

c. Management

Revitalization is able to build market management that clearly regulates aspects such as; rights and obligations of traders; procedures for placement and financing and facilities that must be available in the market standard operating procedures for market service management.

d. Social

Creating an environment that is interesting and has a positive impact and can improve the dynamics and social life of the community.

## **2.2 Market Revitalization Process**

In general, the market revitalization stage or process is still in line with the revitalization process of the area, where there are three main keys in developing revitalization. According to (Darmawan, 2013) the presence of revitalization is a very complex activity. Revitalization takes place through several stages, requires a certain period of time and includes the following:

a. Physical intervention

Considering that the regional image is very closely related to the visual conditions of the area, especially in attracting activities from visitors, this physical intervention needs to be done. Physical intervention initiates physical activities of revitalization and is carried out in stages, including the

improvement of the quality and physical condition of buildings, green systems, connecting systems, sign/advertisement systems and regional open spaces.

b. Economic rehabilitation

Short-term physical improvement of the area is expected to accommodate informal and formal economic activities (local economic development), so as to provide added value to the region. Revitalization that begins with the process of rejuvenating urban artifacts must support the process of rehabilitation of economic activities.

c. Social/ Institutional revitalization

Revitalization of an area will be measured if it is able to create an attractive environment, so it's not just making a beautiful place. These activities must have a positive impact and can improve the dynamics and social life of the community/ citizens.

### **2.3 Market Revitalization Plans and Activities**

In the plan to develop revitalization and revitalization activities, a number of basic parts are needed that must be used as a basis for revitalization. According (Adishakti, 2003) revitalization activities are decided on three main parts, namely the concept of objectives and objects from an area to be revitalized:

- a. The concept is to revive a place that has potential assets in the form of natural and cultural heritage or cultural landscape, as one of the preservation efforts.

- b. Aim, realizing the vitality of the region both in socio-cultural, economic and infrastructure activities, utility support, restoration or other development, to achieve its conservation goals.
- c. Objects, forms of activities, and related parties actually have no difference with conservation efforts.

### **3. Traditional Market**

According to the Presidential Regulation of the Republic of Indonesia Number 112 of 2007 a market is a meeting place for buyers and customers to conduct sale and purchase transactions for goods or services. This was also stated by Koentjaraningrat in (Siwarni, 2009) that the market as an institution regulates communication and interaction between sellers and buyers. It aims to conduct exchange transactions of objects, services, money and the place of transactions can be delivered at a certain time based on set price. According to (Indrawati, 2014) explained that the market is a meeting place between sellers and buyers to conduct sale/purchase transactions for goods/services. Overall the market includes the demand and supply between the seller and the buyer in their interaction. Therefore, it can be interpreted that a market is a place of interaction for buying and selling and all activities in meeting the needs between the seller and the buyer.

Various types of markets are spread in several regions such as traditional markets and modern markets. According to (Rufaidah, 2008) Traditional markets

are simply managed markets that implement a direct transaction system in which the main function is to serve the needs of the people in the villages, sub-districts, and others. Meanwhile, the Modern market is managed in a modern way and prioritizes the convenience of shopping with management being in one place, having relatively strong capital and having a definite price tag.

The research results done by (Sarwoko, 2008) showed that the presence of modern markets (supermarkets, hypermarkets, mini markets), is considered by various circles to have cornered the existence of traditional markets in urban areas. Based on the results of A.C Nielsen research, the modern market in Indonesia grew 31.4% per year. Meanwhile, the traditional market shrank 8% per year. Therefore, that the existence of traditional markets in cities from time to time is increasingly threatened with the increasingly widespread development of modern markets.

### **3.1 Characteristics of Traditional Markets**

According to the Minister of Trade Regulation concerning Guidelines for the Arrangement and Guidance of Traditional Markets, Shopping Centers and Modern Stores Number 70 of 2013 traditional markets as markets are built and managed by the Government, Regional Government, Private, State-Owned Enterprises and Regionally Owned Enterprises including cooperation with the private sector in the form of shops, kiosks, stalls and tents owned/managed by small, medium, non-



governmental or cooperative businesses with small-scale businesses, small capital and with the process of buying and selling merchandise through bargaining.

### **3.2 Potential of Traditional Markets**

According to (Moersid, 2003) there are several potential possessed by traditional markets, including the following:

- a. The ability of traditional markets to absorb local commodities and surrounding areas.
- b. Serves as a supplier for various inputs such as agriculture, housing, and basic needs of the community.
- c. Traditional markets have their own segmentation that distinguishes them from modern markets.
- d. Traders in traditional markets are generally women so that it is beneficial for the improvement of women's entrepreneurship because women have advantages compared to men in serving consumers.
- e. Higher market potential due to a fairly fast market turns over with a cash payment system.

### **G. Conceptual Definition**

The conceptual definition is the limitation of a problem that is used as a guide in research, making it easier for a researcher to operate in the field. Based on the theory

of explanation from the previous explanation, the researcher focuses on using the theory of public-private partnership which refers to the PPP Guideline year 2010 from the Coordinating Ministry for Economic Affairs of the Republic of Indonesia which consists of several processes. As stated in the PPP Guidelines, the variables used in this research are as follows:

- a) Project Selection
- b) Public Consultation
- c) Feasibility Study
- d) Risk Review
- e) Form of Cooperation
- f) Government Support
- g) Procurement
- h) Implementation
- i) Monitoring

Therefore, this study is directly related to the conceptual above, where the PPP is between the Regional Government of Gunungkidul Regency through the Market Management Division of Department of Industry and Trade of Gunungkidul Regency with the private sectors such as CV. Seia Cons, CV. Jana Consultant, and PT. Putra Kharisma Sejahtera in the Trowono Traditional Market revitalization used the guide.

## **H. Operational Definition**

The operational definition of this research is to find out the partnership between the government and the private sectorS, namely the Regional Government of Gunungkidul Regency through the Department of Industry and Trade and the private sectors were CV. Seia Cons as a Consultant Planning in designing the master plan and design engineering details, CV. Jana Consultant as a Supervisor Consultant in this project, and also PT. Putra Kharisma Sejahtera as a contractor of the Trowono Traditional Market revitalization in Gunungkidul Regency which was reviewed through several activities in its partnership including the following:

### **1. Project Selection**

- a. Project identification process in Trowono Traditional Market
- b. Project prioritization in Trowono Traditional Market

### **2. Public Consultation**

- a. Government consultation with the community in a forum group discussion for the design of the Trowono Traditional Market revitalization project
- b. Government consultation with the prospective developers in a forum group discussion to formation project designs of the Trowono Traditional Market revitalization

### **3. Feasibility Study**

- a. Legal validity document for the release of a land of the Trowono Traditional Market

- b. Financial basis design in preparation of the Trowono Traditional Market revitalization project
- c. Environment Impact Assessment (EIA) document and social analysis in the project of Trowono Traditional Market

#### **4. Risk Review**

- a. Risk review to legal validity document for the release of a land of the Trowono Traditional Market
- b. Risk review of the financial basis design in preparation for the Trowono Traditional Market revitalization project
- c. Risk review of environmental impacts and social analysis in the Trowono Traditional Market revitalization project

#### **5. Form of Partnership**

- a. Type of agreement between Department of Industry and Trade of Gunungkidul Regency with Consultant Planning and PT. Putra Kharisma Sejahtera in the Trowono Traditional Market revitalization project
- b. Action plan for developing Trowono Traditional Market revitalization project

#### **6. Government Support**

- a. Physical facilities support in Trowono Traditional Market revitalization
- b. Financial support in Trowono Traditional Market revitalization

#### **7. Procurement**

- a. Project preparation activities for prospective partners in Trowono Traditional Market revitalization project

- b. Project qualifications of prospective partners in determining partners for the Trowono Traditional Market revitalization project
- c. Project evaluation for prospective partners by the Government of Gunungkidul Regency in determining the qualifications of documents that pass the selection
- d. Contracts award to winners from auction participants in the Trowono Traditional Market revitalization project

## **8. Project Implementation**

- a. Project construction for revitalizing the Trowono Traditional Market
- b. Project timeline in the revitalizing the Trowono Traditional Market

## **9. Monitoring**

- a. Monitoring of the project process employment by the Government of Gunungkidul Regency for PT. Putra Kharisma Sejahtera in Trowono Traditional Market revitalization
- b. Monitoring of the project result in accordance with the cooperation agreement

## **I. Research Methods**

### **1. Type of Research**

This type of research uses a descriptive qualitative approach. According to (Sudarwan, 2002) qualitative research is a type of research that focuses more on data collected in the form of words, images, and not numerical forms. As for qualitative research according to (Moleong, 2005) is a study that aims to understand

the events experienced by research subjects such as behavior, attitudes, motivations, actions, etc., so that the qualitative research described through the method of description, where the research is in the form of words and language in a special natural context and utilizing various natural methods.

In qualitative research, it also requires a descriptive approach. As a descriptive approach is a method in describing the condition of a particular object based on visible facts which are then followed by an attempt to draw a general conclusion based on some of these historical facts (Nawawi, 1994). Therefore, this study uses descriptive qualitative research based on the results of data from research, which focuses more on the interview and observation approach. Therefore, the study produced descriptive data in the form of speech and writing and the behavior of the people observed. Therefore, the researcher conducted a study using descriptive qualitative research in a study entitled Public-Private Partnership for Trowono Traditional Market Revitalization in Gunungkidul Regency Year 2016-2017.

## **2. Data Analysis Unit**

The data analysis unit in this study is a unit in the form of groups, individuals, objects or a set of social events such as group or individual activities as a research subject (Hamidi, 2005).

The unit of analysis chosen by the author based on the tasks and functions of the agency related to the object of research, namely the Department of Industry and

Trade of Gunungkidul Regency in Market Management Division, and also Infrastructure and Facilities Section of Market Management Division of Department of Industry and Trade of Gunungkidul Regency with a deeper understanding of project selection, public consultation, feasibility studies, risk reviews, forms of cooperation, government support, procurement, implementation and monitoring of the Trowono Traditional Market revitalization.

### 3. Data Source and Type

The data sources and types of data used in this study are as follows:

#### a. Primary Data

Primary data is an object or original document/ raw material from the perpetrator/ first-hand information (Silalahi, 2012). Primary data was obtained from the first source originating from agencies related to the object of research.

The primary data in this study were obtained in detail in the table below:

**Table 1.2 Sources of Primary Data**

<b>Primary Data</b>	<b>Name of Interviewees</b>	<b>Position</b>
Interview	Ari Setiawan, S.IP., M.Si	Head of Market Management Division of Industry and Trade Office of Gunungkidul Regency
	Sukarman, S.T	Head of Infrastructure and Facilities Section of Market Management Division of

		Department of Industry and Trade of Gunungkidul Regency
	Sutarmanto	Technical Coordinator of the Trowono Traditional Market of Gunungkidul Regency
	Sularno	Head of Publisher of the Data Processor of the Infrastructure and Facilities Section of Market Management Division of

This study includes the above sources because they have a correlation with the research topic seen from the tasks and functions in implementing the revitalization project. The involvement of the Department of Industry and Trade of Gunungkidul Regency is very important in discussing thoroughly the public-private partnership for Trowono Traditional Market revitalization in Gunungkidul Regency.

#### **b. Secondary Data**

Secondary data is data obtained from previously available sources (Silalahi, 2012). Secondary sources through literature studies use various references such as scientific books, journals, articles, regional regulations and others that are considered relevant to the object of research. This secondary data also requires some data such as the master plan to Trowono Traditional Market revitalization, budget detail documents and other through the Department of Industry and



Trade of Gunungkidul Regency. The secondary data used in this study are detailed in the table below:

**Table 1.3 Sources of Secondary Data**

<b>Data</b>	<b>Sources</b>
Project Financing and Funding Design	Financial Document
Study of Project Implementation Feasibility Study	Report Document
PPP Agreement between Industry and Trade Office of Gunungkidul Regency with Several Private Sectors	Agreement Document
Trowono Traditional Market Revitalization Master Plan Project	Master Plan Document

#### **4. Data Collection Techniques**

Data collection techniques are a systematic procedure to obtain supporting data in the study. In the Public Private Partnership for Trowono Traditional Market Revitalization in Gunungkidul Regency Year 2016-2017 it was used relevant data collection techniques as a basis for determining the results of the study namely interviews, observation and documentation studies.

##### **1. Interview**

The interview is a process to explore information that people want to know more deeply by holding a number of questions that are needed for the speaker directly in the form of closed and open dialogue. The data obtained consists of direct quotations and experiences, opinions, feelings and knowledge from the resource person. The resource person in this interview was the Head of Market

Management Division, the Head of Infrastructure and Facilities Section of Market Management Division, Head of Publisher of the Data Processor of the Infrastructure and Facilities Section of Market Management Division of the Department of Industry and Trade of Gunungkidul Regency, and Technical Coordinator of the Trowono Traditional Market of Gunungkidul Regency. This study used a combination of structured interviews and non-structured interviews. Non-structured interviews mean that it will still use interview guidelines that contain a list of questions but does not rule out the possibility of asking other questions outside the questionnaire which still in the context of the research being carried out.

## 2. Observation

Observations are carried out by observing and recording directly in the field related to phenomena that aim to obtain accurate data on everything related to the research topic. Observations will take place at the Department of Industry and Trade of Gunungkidul Regency and Trowono Traditional Market, it will review the results of the Trowono Traditional Market revitalization project.

## 3. Documentation

Documentation is data collection through documentation techniques in the form of books, journals, newspapers, magazines, and others related to relevant research

topics from the research public-private partnership for Trowono Traditional Market revitalization in Gunungkidul Regency in the year 2016-2017.

## **5. Data Analysis Techniques**

Data analysis techniques are methods or ways to process data in the form of words or sentences that have been interpreted so that the focus of the data analysis aims to simplify data in an easily understood form. According to (Sugiyono, 2014) the model used in the qualitative analysis is a flow model, where before asking a question to the resource person, the researcher has already analyzed the answers to be interviewed so that the desired data is obtained.

Data analysis techniques in this study were carried out interactively and continued continuously until completion. In data analysis, researcher it directly involved in explaining and concluding the data obtained by linking with the theory used to find out the Public Private Partnership for Trowono Traditional Market revitalization in Gunungkidul Regency Year 2016-2017. The steps that must be taken in analyzing the data are as follows:

### **a. Data Reduction**

Data reduction is a summary of having things that are considered important in a study, which focuses on a goal and searches for themes and patterns. Therefore, in reducing data, it will provide a clearer picture and will facilitate the researcher

to collect data relating to public-private partnership for Trowono Traditional Market revitalization in Gunungkidul Regency.

b. Presentation of Data

In qualitative research, the presentation of data can be done in the form of short descriptions, charts, relationships between flowchart categories and likes which make it possible to draw conclusions and return actions related to the public-private partnership for Trowono Traditional Marker revitalization. By displaying data, it is easy to understand what is happening and to plan the next work based on what is being understood.

c. Conclusion (*verification*)

Conclusion drawing is the process of analyzing and connecting information that has been organized in detail to get conclusions while still referring to the subject of research regarding the public private partnership for Trowono Traditional Market revitalization. Therefore, the research facilitates the process of returning and drawing conclusions so that it can answer the subject of research in achieving the objectives of the study properly and correctly.