

Public and Private Organization Partnership in Providing Public Service Infrastructure: A Study about Public Private Partnership at the Modern Market in Bengkulu City

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ABSTRACT

This study was aimed: 1) to prove that public and private partnership in providing public service infrastructure (Public Private Partnership) at the Modern Market in Bengkulu City showed some benefits for the private organization, the government and the society; 2) to learn whether Public Private Partnership appears as political interest of the government; 3) to find out and identify the management of the Modern Market in Bengkulu City. The data that was collected from observation, interview, and documentation were analyzed through pre-research, research, and post-research phases. It was found that the partnership done by local government of Bengkulu City with Management of the Modern Market (BIM and PTM) tended to give advantages to the private sector, while society and government only got facility service. The Memorandum of Understanding denied by the private sector caused some disadvantages for public and state. Economically, the government experienced loss because the applied regulation had not gained positive response from private sector since the targeted profit has not achieved yet. The government wanted to revise the MOU because it was not fair in local income perspective. This condition emerged conflict among The City government with the Modern Market Management.

Key words: Partnership, Modern Market, Public Private Partnership

INTRODUCTION

According to Donald (2005), *partnership* is a semi-autonomous organization run by three sectors, namely government, private sector, and civil society (volunteers and common society) involved in the process of formulation, making and delivering the public policy in the local and national level that is bound up with normative tasks that must be done as well as having the discretion level to solve certain problems in the realization of the public policy. Partnership shows the cooperation system between the government and the non-government in the equal position in order to achieve common objectives (Chukwuma, 2005). Furthermore, partnership is also a collaborative work between two parties with the rights and the duties that benefit one another (Marshall, 2006).

This research intended to prove whether public and private partnership in providing public service infrastructure (Public Private Partnership) at the Modern Market in Bengkulu City benefited the private organization, the government, or the society. This study stressed on the partnership in providing the infrastructure at the Modern Market in Bengkulu City. This study had several attentions, such as that the infrastructure provision at the Modern Market in Bengkulu City built with *Public Private Partnership* model, the partnership between public and private organization gave some profits to the private, the government, or the society. Besides, it discussed about the existence of the Modern Market for the government and the society. The meaning of public included the nation and its citizen or the government with the society. This research also discussed about the advantages from the public and private partnership relation to the triangular interests, namely the government, the society, and the private organization itself. This research used descriptive method with exploratory approach. Data processing with observation needed accuracy (Miles, 1990). The observation was carried out to directly find out the philosophy of the partnership done by the government and the private organization. Next, the detailed discussion and the deep interview were used to dig up the problems in line with their own focuses. The interview was preceded by understanding the core problems first (Moeleong, 1998). This study presented the argument about the authority done by the region government of Bengkulu City. Providing the area done by the region government to build modern market by the private organization showed the implementation from the privatization done by the government. The government had weak authority. The contribution accepted by the government was not comparable to the regulation given out. Furthermore, it was known that the partnership system that had been intertwined was appropriate with the concept of *Public Private Partnership*.

Syntheses of Public Service

Public Private Partnership done by Modern Market in Bengkulu City was the synthesis of the public service done by the government and that done by the private organization on the study of Modern Market in Bengkulu City. The government's service that should be done was to provide the public facility infrastructure, which was a modern market. To fulfill that kind of public desire, the region government of Bengkulu City had a limitation. With the constraint of resources, it was bridged by building a relationship of partnership cooperation with the

private organization. The private organization as the side that had quite a financial capital caught the concept of providing public service infrastructure at the Modern Market in Bengkulu City with the willingness of building and supplying the supporting facilities and infrastructures. The private was convinced of getting back many profits from the establishment of the Modern Market. The relationship of partnership cooperation was providing the area at Benncoolen Mall and Mega Mall. The government could afford the settlement of the area at Benncoolen Mall 50%, and the private completed the rest. Meanwhile, the region government provided the area for Mega Mall completely. For the establishment of the modern market, the private built completely, so that the government did not spend any money. The public service cooperation between the government and the private organization produced the common synergy in providing the infrastructure of the modern market in Bengkulu City. The compensation got by the private organization was the authority to manage the modern market for 20 years to Mega Mall and 30 years to Benncoolen Mall. The difference occurred because at Mega Mall the region government was responsible for all land acquisition, so that its contract time was 30 years, while Benncoolen Mall's was only 20 years because the purchase of the area done by the government was only 50% of the area available.

It was found that the establishment of the modern market in Bengkulu City was started with the political interest, which was that the area's desire to show its existence that the government could do some actions to facilitate the infrastructure of the modern market. After that, such an interest was welcomed by various sides because it was assumed that the existence of the modern market was needed by the surrounding society. The effort to make Bengkulu City parallel with other cities in Indonesia came realistic.

Infrastructure of the Modern Market in Bengkulu City

City renovation was the process of re-development of the city area that had been built to enhance the productivity and the use of the city area. As a function, city renovation was defined as the activity to control, organize, and rehabilitate or re-build part of the city that had been damaged in order to be able to hold the activities which were consistent with the city planning available. One of the programs of organizing and renovating the Minggu Market area was through the establishment of the modern traditional market (PTM) Minggu Market used to build new market buildings as the replacement of the buildings that were no longer suitable to be used in the area of Minggu Market. This activity gave the refreshment and development of the city's environmental quality and local area and impacted on the development of economic activity in Bengkulu City at last. If observed further, the area of Minggu Market in Bengkulu City had much useful potential for all the society citizens that needed to be developed in order to enhance local economy. The existence of Modern Market was rather scarce either in Bengkulu City or in Bengkulu Province. The appearance of modern market was actually the effort to catch the position of Bengkulu City up with other crowds outside Bengkulu Province. Initially, everyone shopped, bought home needs, electronics, and others in shops and kiosks spreading at several areas in Bengkulu City. Buying the vegetables, the basic needs, and kitchen shopping was done in the traditional markets available. The traditional markets in Bengkulu City were shown on the table as follow:

Table 1: Traditional Markets in Bengkulu City

No	Market Name	Location	Information
1.	Barukoto Market	Cina Town	-
2	Panorama Market	Singaranpati Sub-district	Sampling Market
3	Minggu Market	K.Z. Abidin Street	City Center
4.	Pagar Dewa Market	Selebar Sub-district	-
5	Bentiring Market	Teluk Segara Sub-district	Not optimal

Source: Research Observation (processed, 2013)

The markets had their own customers, but Minggu Market was the most crowded and became traditional market center among those five markets because it was located in the middle of the city and became the grocery center for the merchants from outside the area of Bengkulu Province. The area of Minggu Market which covered 8000 meters was known by the people all over Bengkulu Province because at the beginning of Bengkulu City establishment all city transports must enter the area of Minggu Market, so that everyone in Bengkulu City knew and once visited Minggu Market.

Another traditional market known by people outside Bengkulu City was Panorama Market. It was located in the west of Bengkulu City, exactly in Panorama Urban Village of Singaran Pati Sub-district. This market had been renovated as the national sampling market in 2011. The fund to renovate the market came from the state budget (APBN), in which its launching was done by the Minister of Industry and Trade, Marry Elka Pangestu, in 2011. Although there were 5 traditional markets in the city, the growth of the population in Bengkulu City had been developed as well so that the people wanted to have a modern market like other cities around Bengkulu Province as the shopping center complement. The appearance of modern market was the hope of most Bengkulu people that once visited other cities. Having seen the condition of the modern market which supplied all needs namely either the needs provided in the traditional market or that in the stores, the existence of

the modern market that provided all needs was seen as the demand that should be available in the city crowds.

The Readiness of the Management System in Supporting the Partnership

Appropriate with the main task and function of the marketing session of the Department of Trade and Industry of Bengkulu City, this part did the preparation and the setting of the management system or the management partnership with the private organization. The management system was started with the setting of the location planning, the legal instrument or the agreement, the physical development, and the operational of the modern market. As the benchmark of the readiness aspect, the management system in supporting the partnership could be seen from: the appropriateness of the organization structure, the readiness of the human resource support, and the readiness of the budget.

The Appropriateness of the Organization Structure

With the existence of the marketing session of the Department of Trade and Industry of Bengkulu City, it showed that the government of Bengkulu City had a concern toward the market existence, especially the traditional markets. The organization structure showed that the marketing session, one of the sessions in the Regional Working Unit (SKPD) or Department of Trade and Industry, put much concentration on the part's responsibility only, so that the development done was limited into the session level. The department would think globally, not only thinking about the markets.

The existence of BIM and PTM so far was only as the city crowds' complement infrastructure. Although the structure of the marketing session in SKPD was the market founder of the traditional and modern market, the existence of the session did not put itself equally or equivalently. Actually, the marketing session placed itself to be a partner to do sharing toward the partnership materials. Different from when the marketing session did development of the traditional market, it was fair if it positioning itself as the supervisor that looked after and did monitoring toward the behaviors of the market traders. The managers of BIM and PTM were the private organization that had taken part in the region government's task because they had carried out the government's task to provide the modern market.

The readiness of Human Resources

Quantitatively, the human resources related to modern market management was relatively rare. The management of modern market should be managed seriously and professionally. Human resources of local government of Bengkulu city related to modern market management were still gratuitous, so the available resources tended to be ready only for administrative instead of technical operation.

Human resources in private organization had been available related to modern market management with proper capacity and ability. Those men had been recruited comprehensively through some long process to learn and accomplish the job description optimally.

The Responsibility of Local Government of Bengkulu in Developing Modern Market

The partnership between public organization and private organization seemed to provide the better service for society. Government was the responsible party that should act as the provider to fulfill the needs of the society, but caused by some obstacles, Government decided to do sharing with private organization to achieve the goal. While the private organization as business unit with profit-oriented would give the best service to the consumers. These two major complementary interests created some advantage for society. Based on the observation and interview done to some involved parties related to partnership with presumption aspect of better service on the concept of Public Private Partnership, researcher found some facts about: (1) orientation of public service organization units including the motive of public service supply, participation in infrastructure building, and the intention in developing public service; (2) target achievement including the opinion of society toward modern market, good selling and economic growth, and total local retribution that support local GDP; (3) the maintenance of infrastructure of public service including maintenance budget, retribution of modern market management, outsourcing, the involvement of local government in asset maintenance supervision.

The management of Bencollen Mall as service provider for selling activity had not only profit motive but also to help society who take a role both as seller and buyer in fulfilling the needs and gaining profit. However, the main motive of Bencollen Mall management was to provide the facility in fulfilling society's needs. From the visitors' view, there were many motives involved such as to fulfill the daily needs, as a recreation place and entertainment, and even for exercise. The appearance of Mega Mall in Bengkulu city was the way to grow the economics of the society. Besides that, Mega Mall was also the counter act of challenge given from other provinces in Sumatera to provide the modern market considering the inexistence of modern market with national standard so that the fulfilling of need was concentrated in traditional markets and small self-service shops. This condition caused the satisfaction in aspects of education, entertainment, and food with national standard had not been reached yet. For that reasons, Mega Mall as trading sector in Bengkulu city could raise the position of Bengkulu Province to be equivalence among other provinces that had already had big modern market. The other motive of developing modern market was to open various job fields in Bengkulu city to decrease the number of unemployment so that increase the society's economic level to fulfill the basic needs. The complete result of economic motives of Sellers and Mall Management are shown below:

Table 2. Economic Motives of Traders and Modern Market Management

Traders/ Mall area Tenant	Mall Management
Profit-oriented Fulfilling costumers' needs Hospitality in trading Affordable price Various of quality	Participating in economic growth Providing the fields of work Giving entertainment and recreation area Profit-Oriented Increasing quality of life

Source: Research (processed, 3013)

From table 2 above, it could be seen that there was the difference of the orientation or the motive in doing the trade in the modern market. For the traders or the ones who rented the area of the mall, generally they assumed that in the modern market they could trade or sell competing with others fairly based on either the arguments of providing the daily needs or that of following the consumers' taste. Whereas, the management party of the modern market argued to the profits, to fulfill society's needs, to open the field of work, or to take part in helping the government to reduce the number of the unemployment. The establishment of the modern market offered opportunities to the upper middle economic actors to take part in building the economy of Bengkulu City. The existence of Bencoolen Mall Modern Market gave stimulus to the establishment of stalls or kiosks/shops around the building. The area which was usually still and rarely passed by in the night was now crowded with economic activities. Various traders sold starting from selling notions stores, food stalls, clothing shops, and home needs stores. They were inspired to open a trade around Bencoolen Mall. They assumed that many people came into the Mall, but only some of them could afford the prices available in the Mall. As the alternative, outside the Mall there many goods had been sold with their own customers. The researcher carried out an observation and an interview to 8 (eight) traders selling around the Mall. Their arguments varied. One said that the existence of the Mall made the youngsters to hang out in front of the Mall in the night, especially the off-day and the Saturday night. With the numbers of the youngsters gathering, the food stalls were selling well and their incomes was better than that when trading at another place before. Differently, the stall owner that sold goods said that if many people visiting the mall meant that his stall visited by many, but the consumers usually were the people who used the public transports service. While waiting the transport come, they shopped first, though they were just of the Mall. They observed the goods in the Mall, but when shopping at a stall they said they were ashamed of shopping little goods so that the stall in front of the Mall was their shopping destination.

CONCLUSIONS

Based on the research done concerning with the partnership of the public organization and the private organization in providing the public service infrastructure, it could be concluded as follows:

1. The provision of the public service infrastructure, the modern market in Bengkulu City, tended to give profit chances to the private organization rather than the government and the society. The city government as the one who had the formal authorities (making the regulations, drawing the retribution, and formulating another policy) felt denied by the private. For instance, the region taxation, the management party was not transparent in delivering the revenue to the region government. In this research, it was proven that the existence of Bencoolen Mall Modern Market and Modern Traditional Market was based on the Bengkulu City government's desire to make Bengkulu City parallel with other cities in Indonesia, so that the region government put a lot of effort in establishing the modern market by building a partnership with the private organization. There was the Major's political interest to develop the city and parallelize with other cities' crowds in Indonesia. Besides, there was the globalization aspect requiring Bengkulu City to develop and its people to have a proportional access toward the latest development. Finally, with an easy access, Bengkulu City became the city which was out of the isolation of culture and technology.
2. The establishment of the Modern Market Infrastructure in Bengkulu City done with the partnership cooperation (*Public Private Partnership*) was based on: 1) the political interest to build trust on the society; and 2) the effort to build the City with the facilities that competed with other cities despite no funds (economical ability) from the Bengkulu City government in building the modern market infrastructure. The government along with the private organization was responsible with the land acquisition. The government could afford the settlement of the area at Bencoolen Mall 50%, and the private completed the rest. Whereas, the physical building was afforded completely (100%) by the investors. The consequence of both sides was the government and the private organization (PT Impian Bengkulu Indah), the investor, agreed on a cooperation agreement within the form of *Public Private Partnership* with *Build Operate Transfer* (BOT) model, which meant that after the infrastructure was finished, the management was done by the investor/private for 30 years, and the rest was handed over to the city government as the regional assets.

During the agreement time (*Memorandum of Understanding*), the private was given the authority to manage completely. Whereas, the city government got the contribution of the region tax of the trading works set by the Local Regulations. The parking management was also carried out by Bencoolen Mall, while the city government only got the parking levy which turned out to be a problem at the moment, because the distribution of the results was assumed to deny the agreement.

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