

**ANALYSIS OF THE IMPLEMENTATION OF THE PARTNERSHIP  
POLICY BETWEEN SUPERMARKETS AND SIDOARJO SMES IN THE  
STORE REVIEW PROGRAM**

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**ABSTRACT**

This study aims to identify and analyze the determining factors in the implementation of the partnership policy between supermarkets and Sidoarjo's SMEs in the *Bedah Warung* Program. These factors need to be optimized in developing the implementation of the partnership policy between supermarkets and Sidoarjo's SMEs in the *Bedah Warung* Program in the future. The theory used by Knill and Tosun in Rahardian (2020) states that the factors of effectiveness in policy implementation are: Choice of Policy Instruments; Precision and Clarity of Policy Design; Control Structures; Institutional Design; Administrative Capacities; and Social Acceptance. The research method used is a descriptive research method with a case study design. The results of the study indicate that the determining factors in the implementation of the partnership policy between supermarkets and Sidoarjo's SMEs in the *Bedah Warung* Program are the choice of policy instruments, the accuracy and clarity of policy design, administrative capacity, and social acceptance. The Sidoarjo Regency Industry and Trade Office has established a clear legal basis in the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Arrangement of Supermarkets in Sidoarjo Regency. Factors that need to be optimized in developing the implementation of the Supermarket-SME partnership policy under the *Bedah Warung* Program are the control structure and institutional design. Although the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* has been established, control and supervision are still suboptimal. Furthermore, there is a lack of technical coordination with government organizations tasked with overseeing the partnership.

**Keywords:** *Policy implementation analysis, supermarket-SME partnership, Bedah Warung program.*

**A. INTRODUCTION**

The COVID-19 pandemic has created global uncertainty and complex interconnected problems across countries, resulting in global economic impacts. Therefore, the President of the Republic of Indonesia reminded all ministries, institutions, and regional governments to work hard to collectively control the pandemic. One of the Indonesian Government's priority programs for economic recovery is optimizing investment in Indonesia. President Joko Widodo emphasized that investment is the anchor of Indonesia's economic recovery following the COVID-19 pandemic. The President hopes that all

parties will continue to provide the best services to make it easier for investors to invest in Indonesia. ([www.kemenkeu.go.id](http://www.kemenkeu.go.id), 2021).

In connection with this investment-based economic recovery program, supermarkets have been built in various provinces across Indonesia. The growth of supermarkets in several regions in Indonesia is one factor in the openness supported by the Indonesian government. Furthermore, Hoesen, Chief Executive of the Capital Market Supervisory Agency of the Financial Services Authority (OJK), stated that by the end of April 2022, the number of retail investors in the capital market had reached 8.62 million, a 15.11 percent year-to-date increase compared to December 30, 2021. This growth in retail investors was still dominated by millennials, or those under 30 years of age, accounting for 60.29 percent of the total number of investors ([www.ojk.go.id](http://www.ojk.go.id), 2022).

This increase in investment is supported by the government's program to increase investment transparency by formulating a target ranking of 60th in the Ease of Doing Business (EoDB). Investment Minister Bahlil Lahadalia is targeting Indonesia to rank 60th in the EoDB (EoDB) ranking. Bahlil explained that the World Bank did not announce the EoDB ranking last year, leaving Indonesia at 73rd globally. ([www.antaranews.com](http://www.antaranews.com), 2021)

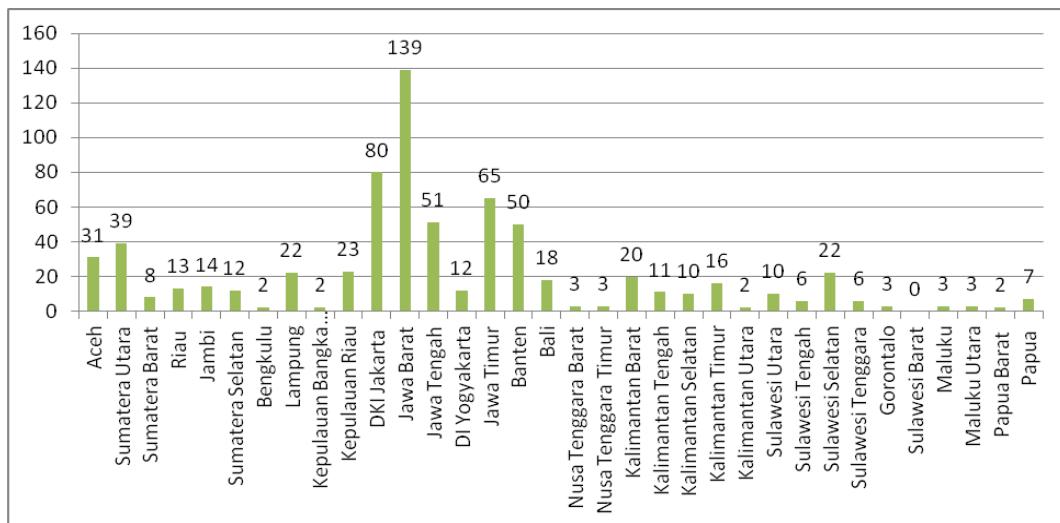
Unfortunately, this increase in investment has not been accompanied by a significant decline in the number of poor people in both urban and rural areas in Indonesia. According to data from the Central Statistics Agency (BPS), the number of poor people in March 2021 was 27.54 million, a decrease of 0.01 million compared to September 2020 and an increase of 1.12 million compared to March 2020. ([bps.go.id](http://bps.go.id), 2021)

Therefore, social inequality in Indonesia still plays a significant role. The phenomenon of social inequality can be measured through the Gini ratio conducted by the Central Statistics Agency (BPS). In March 2021, the level of expenditure inequality among Indonesians, as measured by the Gini ratio, was 0.384. This figure decreased by 0.001 points compared to the September 2020 Gini Ratio of 0.385 and increased by 0.003 points compared to the March 2020 Gini Ratio of 0.381. However, the decline in the coefficient is still very small on an annual basis. ([bps.go.id](http://bps.go.id), 2021)

The phenomenon of investment openness in Indonesia, coupled with social inequality, is a social reality that requires attention. Similarly, domestic investment in Indonesia is increasing. The amount of Domestic Direct Investment (PMDN) in Indonesia in 2022, as released by the Investment Coordinating Board (BKPM), was IDR 119.3 trillion, an 18.5% increase compared to 2021. (BKPM Press Release, 2022)

One form of domestic investment is the construction of supermarkets. The government has clearly defined the development and arrangement of modern stores through legal means. Therefore, the development of shopping centers and supermarkets is widespread across several provinces in Indonesia, as shown in Figures 1 and 2 below.

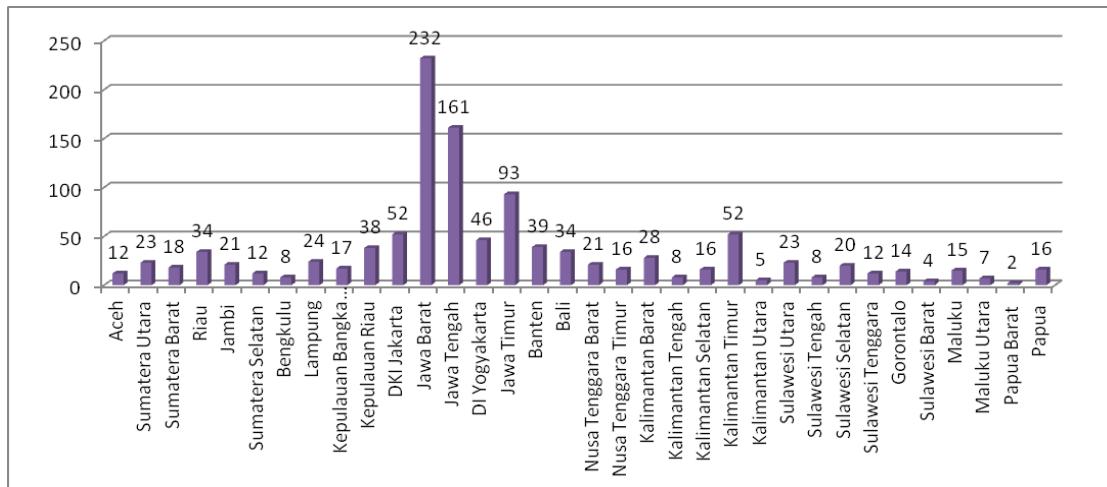
In Figure 1, the province with the largest number of shopping centers is West Java with 139, followed by Jakarta with 139. East Java ranks third with 65 shopping centers. This indicates that East Java is a strategic region for business development in the modern retail sector.



**Figure 1. Number of Shopping Center Establishments in Indonesia**

Source: Central Statistics Agency, 2018 (processed data)

Therefore, East Java is considered a region with significant business potential for developing modern markets, specifically the establishment of shopping centers. To visually illustrate the number of supermarkets established across Indonesia's provinces, Figure 2 is presented below.



**Figure 2. Number of Supermarkets Established in Indonesia**

Source: Central Statistics Agency, 2018 (processed data)

In Figure 2, the province with the largest number of convenience stores is West Java with 1,000,000, followed by Central Java with 161. East Java ranks third with 93. Therefore, East Java is considered a province with significant potential for developing the convenience store business, with the number of convenience stores in East Java being the third-largest among other provinces in Indonesia. Furthermore, the convenience store business has been operating for a long time and has grown over time. The government has provided opportunities to facilitate this business over the decades.

In response to the rapid development of shopping centers and convenience stores, the government has established regulations requiring these businesses to establish partnerships with local small and medium enterprises (SMEs). This is crucial for enabling these businesses to make a significant contribution to the regional economy through business partnerships with SMEs. The legal basis for business partnerships between Modern Market Entrepreneurs such as Shopping Centers and Supermarkets is regulated by the Government in clear legal products as in table 1 below:

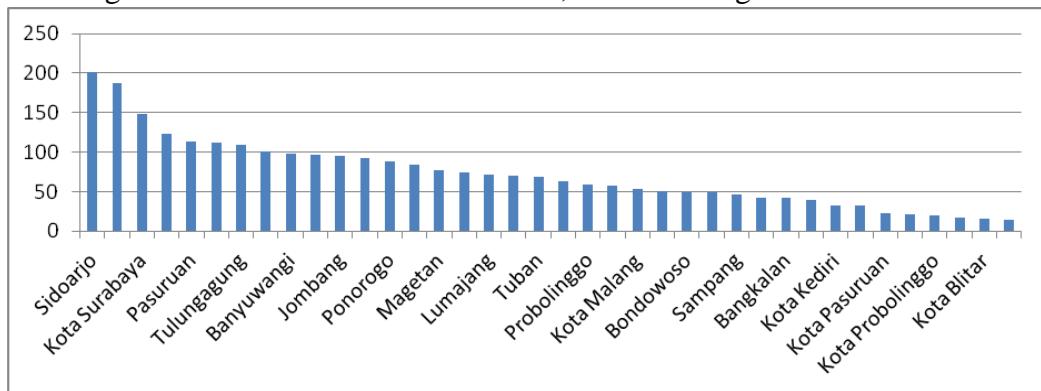
**Table 1. Regulations on Partnerships**

Regulation	Article	Description
The Peraturan Pemerintah Republik Indonesia Nomor 29 Tahun 2021 concerning the Implementation of the Trade Sector	Article 93	Supermarket business actors who cooperate in supplying goods are required to involve MSME actors..
The Permendag No. 23 Tahun 2021 Regarding the Guidelines for the Development, Arrangement, and Guidance of Shopping Centers and Supermarkets	Article 7	Partnerships in developing MSMEs in Shopping Centers and Supermarkets can be carried out using general trading and/or franchise patterns.
The UU No.7 Tahun 2014 about Trade	Article 3 paragraph (f)	The regulation of trade activities aims to enhance partnerships between large businesses and cooperatives, micro, small, and medium enterprises, and the government and the private sector;
The Permendag No. 70 Tahun 2013 concerning Guidelines for the Arrangement and Development of Traditional Markets, Shopping Centers, and Modern Stores	Article 14 paragraph (1)	In carrying out their business, Shopping Centers and Modern Stores can enter into Partnerships based on a written agreement agreed upon by both parties.
The Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019 About the Arrangement of Supermarkets in Sidoarjo Regency	Article 15 paragraph (1)	Every person or body that will carry out supermarket business activities is required to enter into a partnership with a Micro Business.

**Source: Processed data, 2022**

In accordance with the mandate of the *Undang-Undang Perdagangan No. 7 Tahun 2014*, which stipulates that the Government and/or Regional Governments, in accordance with their authority, regulate modern markets. Regional governments in all regencies/cities have also created similar technical regulations. One such regulation is the Sidoarjo Regency Government, which issued a specific Regent's Regulation related to this matter, namely the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Arrangement of Supermarkets in Sidoarjo Regency. Article 15, paragraph (1) of the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* states that every person or entity that intends to conduct a Supermarket business is required to enter into a partnership with a Micro-Business.

The establishment of this Regional Regulation is considered important because Sidoarjo Regency has the largest number of minimarkets compared to other regencies/cities in East Java Province, as seen in Figure 3.



**Figure 3. Number of Minimarkets in Regencies/Cities in East Java Province**

**Source: Central Statistics Agency, 2018 (processed data)**

Thus, Sidoarjo Regency is considered a strategic location for domestic investment, such as the establishment of supermarkets. The establishment of supermarkets in the Regency is fairly evenly distributed across each sub-district. The number of supermarkets across several sub-districts in Sidoarjo Regency as of 2022 is described in Table 2.

Table 2 shows that the total number of convenience stores in Sidoarjo Regency as of 2022 was 625, consisting of 625 minimarkets, 11 supermarkets, 1 hypermarket, 1 wholesale center, and 6 shopping centers. Based on Table 1.2, the largest number of convenience stores constructed in Sidoarjo Regency, spread across each sub-district, is minimarkets. The largest number of convenience stores is located in the city center of Sidoarjo Regency, which tends to be a center of activity and commerce. Sidoarjo Sub-district has the largest number of minimarkets compared to other sub-districts, with 87 minimarkets. Furthermore, Sidoarjo Sub-district has also constructed 4 supermarkets, 1 hypermarket, and 3 shopping centers.

Unfortunately, the partnership between convenience stores and SMEs in Sidoarjo remains suboptimal. The Head of the Trade Division of the Sidoarjo

Regency Department of Industry and Trade stated that the partnership between supermarkets and Sidoarjo's SMEs is less than optimal because supermarkets tend to be reluctant to spend Corporate Social Responsibility (CSR) funds on partnership programs. Therefore, the Regent of Sidoarjo initiated a partnership program between supermarkets and Sidoarjo's SMEs, known as *Bedah Warung*.

Table 2. Data on the Number of Supermarkets in Sidoarjo Regency as of 2022

No.	District	Minimarket	Supermarket	Hypermarket	Wholesale	Center Shopping Center
1	Sidoarjo	87	4	1		3
2	Buduran	47	1			1
3	Gedangan	37	2			
4	Sedati	40				
5	Waru	80	2		1	
6	Taman	66	2			
7	Krian	42				1
8	Balongbendo	18				
9	Tarik	15				
10	Krembung	12				
11	Tulangan	21				
12	Tanggulangin	21				
13	Prambon	16				
14	Jabon	5				
15	Porong	5				1
16	Wonoayu	20				
17	Sukodono	47				
18	Candi	46				
<b>Amount</b>		<b>625</b>	<b>11</b>	<b>1</b>	<b>1</b>	<b>6</b>
<b>Total</b>						<b>644</b>

**Source: Department of Industry and Trade, Sidoarjo Regency, 2022**

On February 9, 2022, the Regent launched *Bedah Warung*, a program previously implemented by Indomaret, in Krembung District, Sidoarjo Regency. Therefore, research on the implementation of the *Bedah Warung* partnership between supermarkets and Sidoarjo's SMEs is needed to inform future policy recommendations.

Research related to the implementation of partnership policies between supermarkets and SMEs is limited internationally. Researchers abroad focus on the empowerment and development of Small and Medium Enterprises. In the UK,

Rezaei, J., Ortt, R., & Trott, P. (2014) examined different business functions (production, marketing and sales, purchasing and logistics, research and development (R&D), and finance) in supply chain partnerships by analyzing data from 279 UK SMEs and examining the relationship between specific partnership types and the overall performance of UK SMEs. The results showed that only in the R&D area did partnerships have a significant positive effect on overall firm performance. The results imply that UK SMEs can benefit from specific types of supply chain partnerships, namely R&D partnerships, so that they can better utilize supply chain management (SCM).

In San Francisco, Flood, J., Minkler, M., Hennessey-Lavery, S., Estrada, J., & Falbe, J. (2015) compared Collective Impact (CI) with community coalition action theory and discussed the use of the latter to provide the necessary detail when applying CI in a critical case study analysis of the Tenderloin Healthy Corner Store Coalition (TLHCSC) in San Francisco, California. The results showed that CI demonstrated relevance for this TLHCSC case study and its work at the community and policy levels to improve the retail environment in the neighborhood.

In Australia, Westrenius, A., & Barnes, L. (2015) analyzed stakeholders in Australian small businesses and how they relate to large businesses using stakeholder theory. They found that in small businesses, where the primary decision-maker is typically the owner-manager, managers align their interests with those of the owner, apply the principle of mutuality, and encourage stakeholder responsiveness as a strategy to improve financial performance. This distinguishes small businesses from large businesses and therefore has implications for policies aimed at supporting the economically and socially important small business sector.

In South Africa, Bitzer, V., & Glasbergen, P. (2015) reviewed Non-Governmental Organization (NGO) business partnerships in global value chains, often developed by Northern businesses, using partnership theory. The study's findings indicate that NGO partnerships in global value chains have the ambition to bring about sustainable change in the global value chain.

In the United States, Kacker, M., Dant, R. P., Emerson, J., & Coughlan, A. T. (2015) examined the influence of corporate partnership strategies on the size of partner-based retail networks using agency theory. The results showed that franchisee network size is driven more by franchisor strategies that reduce agency costs than by strategies that simply lower entry and ongoing costs and barriers for franchisees.

In Sweden, Bjärstig, T., & Sandström, C. (2017) examined the significant role of the Swedish state in public-private partnerships using partnership theory. The research findings identify a number of potential challenges associated with partnerships and describe the authorities involved in various types of partnership arrangements, as well as their capacity to facilitate these partnerships in an effort to foster sustainable partnerships.

In Indonesia, research has been conducted on partnership policies between supermarkets and small and medium enterprises (SMEs). Utami, C.W., & Bernardus, D. (2016) analyzed policies for developing small-scale retail

partnership patterns to improve marketing performance and business resilience (a study of retail trade in East Java). This research was a qualitative descriptive study, using focus group discussions and interviews with retail respondents in East Java. The results of this study indicate that the creation of partnership patterns based on entrepreneurship and business ethics will be achieved through several methods: utilizing the existence of cooperatives/associations in establishing relationships with suppliers, fostering solidarity with each other, and recognizing the importance of unity among retailers to build a balanced pattern, especially in determining bargaining power with modern retailers.

Rachmaya, V. (2016) analyzed the implementation of the Business Partnership Policy in Sidoarjo Regent Regulation Number 20 of 2011 concerning the Arrangement of Minimarkets in Sidoarjo Regency (a case study in Sidoarjo District, Sidoarjo Regency) using Merilee S. Grindle's (1980) theory. The results showed that the benefits of this business partnership have not yet been fully realized by small retailers around minimarkets.

Galuh W, H. (2017) conducted a socio-economic study of modern stores as a compromise solution with traditional stores in Batu. The method used was quantitative with respondent analysis. The results showed that a serious, consistent, and continuous program is still needed to ensure its visibility and success. These include: 1) MSME management training; 2) Skills training; 3) Space for local products at Batos Hypermart outlets; and 4) Capital loans.

Sulistyowati, E., Prasetya, T. B., & Widayastuti, N. (2017) examined the Portrait of Modern Store Partnerships Networked with Local MSMEs in Yogyakarta using SWOT analysis. The results of the study indicate that no institution or agency has been given the task or authority to supervise and monitor the implementation of existing partnerships. In addition, the partnerships run by modern stores are still very narrow or limited both in terms of the area/space provided and the high standards set by modern stores.

Pratama, C. S., Mediawati, N. F., Purwaningsih, S. B., & Phahlevy, R. R. (2020) analyzed Modern Retail Regulations in Sidoarjo Regency following the issuance of Sidoarjo Regional Regulation Number 10 of 2019 concerning the Arrangement of Supermarkets in Sidoarjo Regency using a statutory regulatory approach by processing general legal materials and analyzing legal issues based on existing facts in the field. They concluded that the Sidoarjo Regency Government's efforts to empower traditional retailers by amending several points in the regulation are expected to increase the presence of traditional retailers in Sidoarjo Regency, although the implementation has not yet met the government's expectations.

Ingratubun, B. S. (2021) examined the principle of fairness in business opportunities for micro, small, and medium enterprises (MSMEs) with the presence of modern stores in Makassar City. This research is an empirical juridical study using a philosophical, statutory, conceptual, and case-based approach. The research was conducted qualitatively and relied on empirical data. The results indicate that the principle of fairness in business opportunities between MSMEs and Modern Stores in new legislation only provides the broadest possible business opportunities, but has not yet implemented the principle of

fairness for MSMEs, particularly in partnership patterns between the two. MSME business actors in Makassar City still struggle to market their products in modern store outlets.

Yupi S. D., Zaili R., & Adianto. (2021). Implementation of Regional Regulation No. 09 of 2014 concerning the Management of Traditional Markets, Shopping Centers, and Supermarkets in Pekanbaru City using the Theory of Ripley and Franklin (1986). The results indicate that collaboration between modern stores and MSMEs in Pekanbaru City has indeed been implemented by some modern stores, although the researchers also found that some local communities did not enter into partnerships. For the partnership process, modern stores impose certain requirements, including the rental of space or terraces. One requirement is that they cannot sell the same merchandise as the modern stores. This presents difficulties for small traders or cart vendors in the surrounding area, as these vendors typically sell the same goods as the modern stores.

Oktapani, S. (2022) analyzed MSME reporting and partnership patterns for business actors using empirical legal research, which examines law within society. It concluded that business actors failed to report the number of MSME partners and their partnership patterns due to their lack of knowledge of the Pekanbaru City Regional Regulation concerning the Management of Traditional Markets, Shopping Centers, and Supermarkets.

This study focuses on analyzing the implementation of the partnership policy between Supermarkets and MSMEs in Sidoarjo under the *Bedah Warung* Program, using the latest policy implementation theory, namely the Knill and Tosun Theory in Rahardian (2020). The fundamental difference between this research and previous studies is the more comprehensive scope of discussion, both in terms of the locus and focus of the research. In addition, this study provides a new perspective on the analysis of partnership policies between Supermarkets and SMEs, which previously often used legal approaches and old policy implementation theories such as Merilee S. Grindle's Theory (1980) and Ripley and Franklin's Theory (1986), but now uses the latest policy implementation theory, namely the Knill and Tosun Theory in Rahardian (2020). This study is expected to be able to identify the determining factors for the implementation of partnership policies between Supermarkets and SMEs in Sidoarjo in the *Bedah Warung* Program, as well as factors that need to be optimized in developing the implementation of partnership policies between Supermarkets and SMEs in Sidoarjo in the *Bedah Warung* Program in the future.

## **B. THEORETICAL REVIEW**

### **Public Policy Implementation Theory**

Knill and Tosun, in Rahardian (2020), proposed the most important factors explaining variations in implementation effectiveness. They begin with factors referring to the characteristics of policy outputs, then move on to institutional factors and strategies for increasing social acceptance. These factors are then classified into six factors:

**(1) Choice of Policy Instruments**

The rationale underlying the choice of policy instruments in a model is that they will lead to the desired policy outcomes. This is due to the ease of implementation in policy implementation.

**(2) Precision and Clarity of Policy Design**

The precision and clarity of policy design are crucial in policy implementation. Policymakers are expected to formulate precise and clear policies so that the policy's impact is accepted by the policy's target groups. However, if conflict and debate arise during policy formulation, the policy implementation is not well designed.

**(3) Control Structures**

The principal-agent theory is an important starting point for explaining implementation deficits. In these theories, it is assumed that implementation problems result from a discrepancy between policy objectives and their actual implementation through the responsible administrative body. This discrepancy is seen as an inevitable consequence of the configuration of modern political administrative systems, characterized by the delegation of competence to subordinate administrative authorities. This delegation is particularly relevant in relation to the distinction between the task of policy formulation (usually carried out within central ministries) and the implementation of these policies (often delegated to institutions at the subnational or local level) (Howlett et al. 2009: 160–3).

**(4) Institutional Design**

Policies generally have institutional implications, namely the requirement for the establishment of appropriate structures and procedures for their proper implementation. A distinction can be made between policies that can be implemented by a single organization or authority and those whose proper implementation requires horizontal and vertical coordination across multiple administrative units and levels.

**(5) Administrative Capacities**

Policy implementation is generally carried out by designated government institutions that are responsible for implementing new policies. The theoretical role of an agent is that the agent responsible for the policy must provide the necessary resources to ensure that the policy is implemented in accordance with its objectives. To achieve successful policy implementation, the institution responsible for the policy must have adequate resources to translate the policy's objectives into an operational framework. Specifically, emphasis is placed on human capacity (administrative and technical expertise) as well as financial, technical, and organizational resources.

**(6) Social Acceptance**

Social acceptance of the implementation of public policy is a crucial aspect of successful implementation. Certainly, some policy measures are welcomed by policy recipients, such as increasing the level of social benefits. Meanwhile, there are policies that are less well-received. This is due to the costs imposed on certain target groups or because their implications do not align with the needs of the broader public as the recipients of the policy's impact.

### **The "*Bedah Warung*" Partnership Concept**

The "*Bedah Warung*" partnership policy is one of the current Sidoarjo Regent's priority programs, focusing on *Bedah Warung*. This program involves supermarket businesses, which are required to partner with SMEs under the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Arrangement of Supermarkets in Sidoarjo Regency.

The "*Bedah Warung*" program targets supermarket businesses and small and medium enterprises (SMEs). This policy encourages supermarket businesses to undertake "*Bedah Warung*" (renovation) of their own SME-owned stores. The "*Bedah Warung*" partnership concept aims not only to empower SMEs but also to minimize conflict with SMEs operating in areas where supermarkets already exist. Therefore, "*Bedah Warung*" is crucial because it can engage with grocery store businesses in the vicinity of supermarkets, ensuring competitiveness and avoiding losses.

Furthermore, the significant economic gap between supermarkets and small and medium-sized enterprises (SMEs) in Sidoarjo can be minimized through the *Bedah Warung* program. The Regent of Sidoarjo hopes that the *Bedah Warung* program will prevent the demise of grocery stores in Sidoarjo, along with the establishment of supermarkets in various districts across the region.

### **C. RESEARCH METHODS**

The research method used is descriptive research with a case study design. This study employed a qualitative approach through interviews. Informants were selected using purposive sampling. Informants in this study were representatives of relevant stakeholders, such as the Sidoarjo Regency Industry and Trade Office, supermarket operators, and small and medium enterprises (SMEs) assisted by the Sidoarjo Regency Government.

This study employed source triangulation, which tested the credibility of the data by checking data obtained from several informants. The data obtained was then described and categorized according to what was obtained from these various sources. The stages in this study were:

- 1) Research preparation;
- 2) Data collection preparation;
- 3) Data collection;
- 4) Data processing;
- 5) Data analysis;
- 6) Writing the research report.

In analyzing the implementation of the partnership policy between Supermarkets and Sidoarjo SMEs in the *Bedah Warung* Program, the author uses the Policy Implementation Theory by Knill and Tosun in Rahardian (2020). There are five variables that influence the performance of policy implementation, namely: (1) Selection of Policy Instruments; (2) Control structure; (3) Institutional Design; (4) Administrative Capacity; (5) Social acceptance.

## **D. DISCUSSION**

According to Knill and Tosun in Rahardian (2020), there are five factors that influence policy implementation, including:

### **Selection of Policy Instruments**

The policy instrument used by the Sidoarjo Regency Industry and Trade Office is the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Arrangement of Supermarkets in Sidoarjo Regency. This Regional Regulation covers several important matters, including:

- a. Partnership obligations in Article 15 paragraph (1): "Every person or entity that will conduct Supermarket business activities is required to enter into a partnership with a Micro Enterprise."
- b. Forms of Partnerships in Article 15 paragraph (2): "Partnerships as referred to in paragraph (1) may take the form of: (a.) marketing cooperation; (b.) provision of business locations; and/or (c.) receipt of supplies."
- c. Partnership principles in Article 15 paragraph (3): "The partnership referred to in paragraph (1) shall be implemented based on the principles of mutual benefit, clarity, fairness, justice, and transparency."
- d. Authority for Guidance and Supervision in Article 18 paragraph (2): "In the context of fostering and supervising Supermarkets, the Regional Government has the authority to: (a.) empower Supermarkets to foster traditional markets, cooperatives, and micro-enterprises, and/or those located in the local area; (b.) supervise the implementation of partnerships between Supermarkets and traditional markets, cooperatives, and micro-enterprises, and/or those located in the local area."
- e. Administrative Sanctions in Article 19 paragraph (2): "Administrative sanctions as referred to in paragraph (1) shall include: (a.) written warnings; (b.) freezing of the IUTS; (c.) revocation of the IUTS; and/or (d.) closure of business activities."

In addition, online reporting of partnerships between Supermarkets and Sidoarjo SMEs through the INDAGO application is regulated in *Peraturan Daerah Kabupaten Sidoarjo Nomor 80 Tahun 2020* concerning the Implementation of the Sidoarjo Regency Trade Data Information System, including:

- a. Reporting obligations in Article 6 paragraph (2): "Business actors are required to provide trade data and/or trade information to the Regional Government in accordance with statutory provisions."
- b. Sanctions for failure to report as stipulated in Article 6 paragraph (3): "Business actors who fail to fulfill the obligations referred to in paragraph (2) may be subject to sanctions in the form of: (a.) written warnings; (b.) recommendations for the temporary suspension of trade activities to the licensing agency in the Trade Sector; (c.) other sanctions in accordance with statutory provisions."

### **Accuracy and Clarity of Policy Design**

The Sidoarjo Regency Government has drafted the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Management of Supermarkets. The regulation clearly stipulates that every supermarket business owner is required to enter into partnerships. Furthermore, there are tiered sanctions

to provide legal certainty for supermarket owners who fail to engage in partnerships with Sidoarjo's SMEs.

The accuracy and clarity of the partnership policy design are crucial for the implementation of the partnership policy between supermarkets and Sidoarjo's SMEs under the Bedah Warung Program. In this regard, the Sidoarjo Regency Government, as the policy maker, has formulated an appropriate and clear policy, ensuring that the policy's impact is fully understood by the target group.

### **Control Structure**

The control structure is crucial for policy implementation. Although policy instruments have been established, the implementation of the partnership policy between supermarkets and Sidoarjo's SMEs under the Bedah Warung program is considered less than optimal because supermarkets fail to report their partnership activities in accordance with existing policies.

The Sidoarjo Regency Industry and Trade Office has created a WhatsApp group with all supermarket owners to facilitate coordination and monitoring of partnership activities. In addition, information and invitations to coordination meetings regarding the Bedah Warung partnership program were disseminated. The government has been actively communicating through the WhatsApp group, but only a few convenience store owners have responded. The agency has also created the INDAGO app for online reporting.

In addition, to facilitate monitoring of the Bedah Warung partnership program, the Sidoarjo Regency Industry and Trade Office has established a target number of stalls to be renovated by supermarket businesses. The Bedah Warung partnership program targets Sidoarjo's small and medium-sized enterprises (SMEs) selling daily necessities. The number of stalls allocated is proportional to the number of supermarkets in Sidoarjo.

Therefore, if a large number of supermarkets are established, the number of grocery stores to be renovated will also be high. Conversely, if a small number of supermarkets are established, the number of grocery stores to be renovated will also be low. The targets and realization of the Bedah Warung program are described in Table 3.

Table 3 shows that only a few supermarkets have implemented the Bedah Warung partnership program. Several supermarkets have not yet implemented the Bedah Warung partnership program due to several obstacles and issues, such as budgetary coordination with the head office, lack of approval from the head office, and company CSR funds already allocated to other activities, such as scholarships for underprivileged students.

In terms of oversight, the Sidoarjo Regency Industry and Trade Office remains suboptimal due to a lack of human resources tasked with trade oversight. Furthermore, the Sidoarjo Regency Industry and Trade Office should collaborate with the Business Competition Supervisory Commission (KPPU). Through Law No. 20/2008 in conjunction with Government Regulation No. 17/2013, the KPPU has the authority to supervise and enforce the law on partnerships between large players and MSMEs.

**Table 3. Targets and Realization of the Bedah Warung Partnership**

No.	Name of Supermarket	Number of Target <i>Bedah Warung</i> per year	Number of Actual <i>Bedah Warung</i>
1	Indomaret	68	12
2	Sampoerna Retail Community	50	78
3	Alfamart	35	25
4	Alfamidi	10	5
5	Lotte Grosir	4	
6	Toserba Palapa	3	2
7	Transmart Mall	3	1
8	Superindo	3	
9	Suncity Mall	3	
10	Hypermarket	3	
11	Ramayana Mall	3	
12	Greensmart	3	
13	Depo Bangunan	2	2
14	Prima Fresh Mart	2	
15	Lippo Mall	2	
16	Matahari	2	
17	Hero	1	
18	Ace Hardware	1	
19	Informa	1	
20	212 Mart	1	1

Source: Data from the Department of Industry and Trade of Sidoarjo Regency, 2022

### **Institutional Design**

In terms of institutional structure, the agency authorized to manage partnerships between supermarkets and SMEs in Sidoarjo is the Sidoarjo Regency Industry and Trade Agency. The *Peraturan Daerah Kabupaten Sidoarjo Nomor 23 Tahun 2022* concerning the Status, Organizational Structure, Duties and Functions, and Work Procedures of the Sidoarjo Regency Industry and Trade Agency, Article 15, paragraph c2, states: "Domestic Trade Development activities/sub-activities include implementing technical policies for domestic trade development, namely facilitating business partnerships between MSMEs and supermarket business owners."

However, the Sidoarjo Regency Industry and Trade Agency faces limitations and obstacles in overseeing partnership activities between supermarkets and SMEs, particularly a lack of human resources focused on overseeing trade activities, one of which is partnership policy. This results in the Bedah Warung partnership that has been realized, has it implemented the partnership principles regulated in the *Peraturan Daerah Kabupaten Sidoarjo*

*Nomor 10 Tahun 2019* in Article 15 paragraph (3): "The partnership as referred to in paragraph (1), is implemented with the principles of mutual benefit, clear, fair, just and transparent". Thus, this is one of the obstacles and evaluations that need to be considered for solutions so that in the future the Bedah Warung partnership policy is not only realized, but also has a positive impact on the community because it has implemented the principles of mutual benefit, clear, fair, just and transparent.

### **Administrative Capacity**

In terms of administrative capacity, the Bedah Warung partnership policy can be considered optimal, from the policy socialization program to relevant stakeholders to the mechanisms and facilities for reporting the Bedah Warung partnership system.

In terms of finance, the Sidoarjo Regency Industry and Trade Office has prepared a budget for activities supporting the Bedah Warung partnership policy, including:

- (1) The Sidoarjo Regency Industry and Trade Office has budgeted several activities to support the implementation of the partnership policy between Supermarkets and Sidoarjo SMEs under the Bedah Warung Program. Details of these activities are described in Table 4.
- (2) Figure 5 describes the series of activities budgeted by the Sidoarjo Regency Industry and Trade Office, from the Coordination Meeting to the Progress of the Implementation of the Shop Renovation Policy. All of these activities are funded by the Sidoarjo Regency Regional Budget (APBD).

#### **(1) INDAGO Application Development Activities**

The Sidoarjo Regency Industry and Trade Office budgeted 50 million rupiah for the development of the INDAGO application within the 2021 software procurement application expenditure. The Office collaborated with an IT Consultant Team with expertise in website development.

In terms of Human Resources, the Sidoarjo Regency Industry and Trade Office has empowered office staff to manage data in the INDAGO application. Prior to the INDAGO application launch, the Sidoarjo Regency Industry and Trade Office and the IT Consultant Team held a coordination meeting on how to use and manage data in the INDAGO application. This ensured that staff authorized to manage data in the INDAGO application had the same competencies and shared performance standards.

In terms of physical aspects (facilities and infrastructure), the Sidoarjo Regency Industry and Trade Office has created an online reporting application for Bedah Warung partnerships in the INDAGO (Sidoarjo Trade Information) application. The legal basis for the INDAGO application is Sidoarjo Regent Regulation Number 80 of 2020 concerning the Implementation of the Sidoarjo Regency Trade Data Information System. Thus, business actors can report Bedah Warung partnership activities that have been carried out without having to come to the Sidoarjo Regency Industry and Trade Office. For application maintenance management, the Sidoarjo Regency Industry and Trade Office has collaborated with the Sidoarjo Regency Communication and Informatics Office so that

feasibility and public security tests have been carried out. Then, the application has a Sidoarjo Regency domain, [www.indago.sidoarjokab.go.id](http://www.indago.sidoarjokab.go.id)

**Table 4. Budgeted Activities for the Policy *Bedah Warung***

No.	Activity	Date & Location	Description
1.	Coordination meeting for partnerships and CSR of supermarkets in Sidoarjo Regency ( <i>Bedah Warung</i> )	June 17, 2021 in the Meeting Room of the Sidoarjo Regency Industry and Trade Service	Participants: All supermarket business owners Objective: Initial <i>Bedah Warung</i> policy dissemination
2.	Socialization of the Bedah Warung Partnership Program by Supermarkets	20 September 2021 in Luminor Hotel Sidoarjo	Participants: All sub-district heads and supermarket owners Objective: Dissemination and coordination regarding <i>Bedah Warung</i> policies
3.	<i>Bedah Warung</i> Program Realization Development	30 November 2021 in Aston Hotel	Participants: All supermarket owners and several recipients of the "Bedah Warung" policy. Objective: Technical coordination regarding the implementation of the "Bedah Warung" policy.
4.	<i>Bedah Warung</i> Program Launching	9 February 2022 in Krembung District, Sidoarjo	The inauguration of 1 grocery store carried out by Bedah Warung by the Regent of Sidoarjo and attended by the Head of the relevant Department

### **Social Acceptance**

The social acceptance of the Bedah Warung partnership policy is reflected in the positive sentiments expressed by the Sidoarjo community. The Bedah Warung partnership policy is considered to have helped the economy of micro-enterprises, namely grocery stores, to become competitive with existing supermarkets. The spirit of mutual cooperation, where large businesses support small businesses through partnerships, is clearly evident in the Bedah Warung partnership policy.

The initial negative perception that the establishment of supermarkets in various villages in Sidoarjo would lead to the demise of grocery stores has been

minimized. The community, particularly grocery store owners, has positively impacted the construction of supermarkets near their stores.

In implementing the Bedah Warung partnership policy, supermarket owners coordinated with the Sidoarjo Regency Department of Industry and Trade. If a supermarket business owner does not yet have a target grocery store to be renovated, they can request information from the Sidoarjo Regency Industry and Trade Office. The office has compiled data on grocery stores in each sub-district. This grocery store data comes from the sub-districts, which report to the office in accordance with a letter from the Sidoarjo Regency Industry and Trade Office.

To ensure the successful implementation of the Bedah Warung partnership policy, supermarkets should coordinate more closely with the Sidoarjo Regency Industry and Trade Office, particularly regarding reporting on the Bedah Warung partnership. This is considered crucial not only to summarize the actual Bedah Warung partnership data but also to prevent duplication of data on recipients of the Bedah Warung partnership policy.

Based on the analysis of the implementation of the partnership policy between supermarkets and Sidoarjo SMEs in the Bedah Warung Program using the theory of Knill and Tosun (2020), several final analysis points can be identified in Table 5 below.

**Table of Determining Factors of Partnership Policy *Bedah Warung***

No .	Policy Determinants	Analysis		
		High	Medium	Low
1.	Policy Instrument Selection	✓		
2.	Accuracy and Clarity of Policy Design	✓		
3.	Control Structure			✓
4.	Institutional Design			✓
5.	Administrative Capacity			
	- Financial	✓		
	- Human Resources	✓		
	- Physical (Facilities and Infrastructure)	✓		
6.	Social Acceptance	✓		

## **E. CLOSING**

### **Conclusion**

The determining factors for the implementation of the partnership policy between Supermarkets and Sidoarjo's SMEs under the Bedah Warung Program are the selection of policy instruments, the accuracy and clarity of the policy design, administrative capacity, and social acceptance. The Sidoarjo Regency Industry and Trade Office has established a clear legal basis in the *Peraturan Daerah Kabupaten Sidoarjo Nomor 10 Tahun 2019* concerning the Arrangement of Supermarkets in Sidoarjo Regency. In addition, the Sidoarjo Regency Industry and Trade Office has budgeted for activities and programs that support the implementation of the partnership policy under the Bedah Warung Program. Social acceptance from the community, as SMEs, has been positive and supportive of the Bedah Warung policy.

Factors that need to be optimized in developing the implementation of the partnership policy between Supermarkets and Sidoarjo's SMEs under the Bedah Warung Program going forward are the control structure and institutional design. Although Sidoarjo Regency Regional Regulation Number 10 of 2019 has been established, control and supervision are still suboptimal. Furthermore, there is a lack of technical coordination with the government organizations tasked with overseeing the partnership.

### **Recommendations**

The Sidoarjo Regency Industry and Trade Office should increase the number of focused and competent human resources in partnership oversight to optimize the control structure for implementing the partnership policy between Supermarkets and Sidoarjo's SMEs under the "Review Shop" Program.

The Sidoarjo Regency Industry and Trade Office is expected to strengthen its institutional structure by collaborating with Partnership Supervisory Bodies such as the Business Competition Supervisory Commission (KPPU).

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