

**Implementation of Article 17 Act No 5 of 1999 about
Prohibition of Monopoly Practice and Unfair Business
Competition on Public Transportation of Malang –
Jombang.**

(Study at Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East
Java Province)

UNDER GRADUATE THESIS

Present to Brawijaya University
To Fulfill the Requirement of Bachelor Degree

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FACULTY OF ADMINISTRATIVE SCIENCE
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Because ALLAH is Always By My Side...



CERTIFICATE OF APPROVAL

Title : IMPLEMENTATION OF ARTICLE 17 ACT NO 5 OF 1999 ABOUT PROHIBITION OF MONOPOLY PRACTICE AND UNFAIR BUSINESS COMPETITION ON PUBLIC TRANSPORTATION OF MALANG - JOMBANG (Study at Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province)

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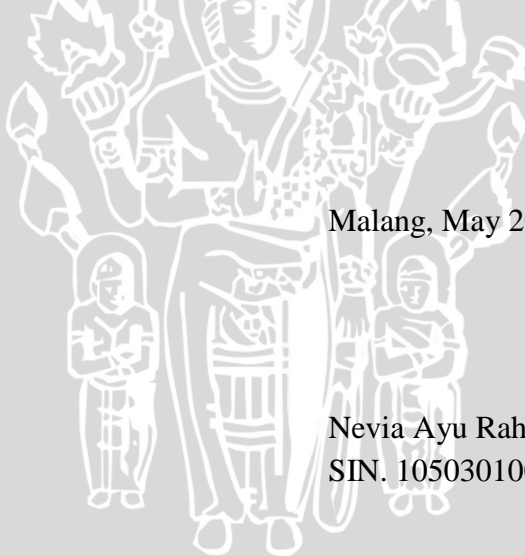
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SUMMARY

NeviaAyuRahmadhani, 2010, **Implementation of Article 17 Act No 5 of 1999 about Prohibition of Monopoly Practice and Unfair Business Competition on Public Transportation of Malang – Jombang (Study at DinasPerhubunganDanLaluLintasAngkutanJalan of East Java Province)**. Supervisor: Dr. Irwan Noor, MA, and Dr. SitiRochmah M, Si. 98pgs++

Act No 5 of 1999 about prohibition of monopoly practice and unfair business competition to be one of the basic laws of KementerianPerhubungan of RepublicIndonesia. This research focuses about indicates of monopoly practice on public transportation of Malang –Jombang where there is only one business operates at one of market share, while mentioned in Article 17 Act No 5 of 1999 that indication of monopoly is a) Goods or service concerned have not substitution yet; or b) Cause other businesses cannot following into the same goods or service competition, or c) Business actor or business group control more than 50% (fifty percent) of the market a particular type of goods or service. This research will also explain about procurement of public transportation of AKDP (Antar Kota DalamProvinsi).

Based on this research, indication of monopoly practice on public transportation of Malang – Jombang based on Article 17 Act No 1999 is because of competition between business actors actually. Business actors who cannot compete with other will resign. Based on interview with several informants, business actors/private sector given freedom to get license to operate on public transportation of Malang – Jombang but they should pass the requirement and mechanism of procurement of public transportation.

PREFACE

Praise of authors toward Allah SWT, who has bestowed the grace and guidance, so the researcher can complete an undergraduate thesis entitled "Implementation of Article 17 Act No 5 of 1999 Prohibition of Monopoly Practice and Unfair Business Competition on Public Transportation of Malang – Jombang (Study at Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province)"

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Malang, May 28, 2014

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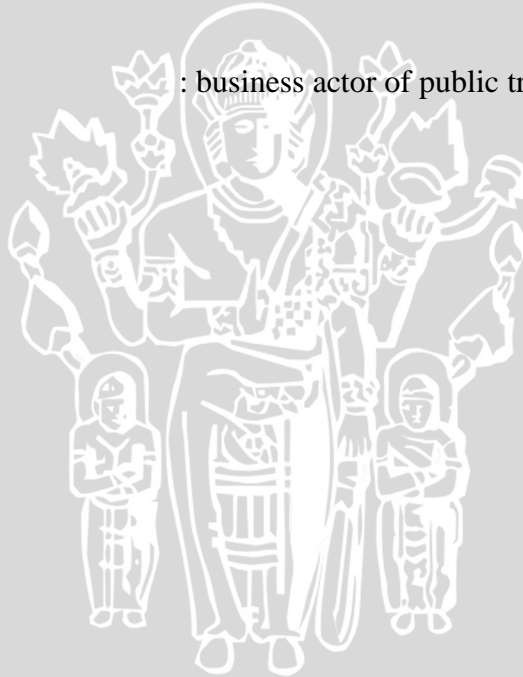
GLOSSARY

DinasPerhubungan dan LLAJ : the institution that has authority for the procurement of public transportation.

AKDP : intercity of public transportation but still in one province.

P2T : the institution for publishing the license.

PO : business actor of public transportation.



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CHAPTER I

INTRODUCTION

A. Research Background

One of the most vital national developments which give impact to the economic sector in a nation is transportation reconstruction. Transportation is the tool of human transport and it also as the supports of regional economic growth that has potential to improve and equitable development and its result. A region with its characteristics offers a certain appeal for activity, while transportation system provides accessibility for desired activities.

Indonesia's future development plants in effort to improve the welfare of the society put development as one of the priority areas of the development plan as defined in RPJP (Long Term Development Plan) and RPJM (Medium Term Development Plan). There are 11 national priority areas that determined in RPJM 2010 – 2014, one of them is infrastructure (including transportation) with the goal of national infrastructure development which has a carrying capacity and momentum to economic growth and social justice. Most of the transportation in Indonesia has been organized by government. The companies owned by the government known as State Enterprise (BUMN).

However, there are several general transportations handed over by the private sector. Public transportation of Malang – Jombang is one of example. It is the only general transportation serves Malang – Jombang. Until now,

there is no substitution for public transportation of Malang –Jombang yet, so almost of the user are using this public transportation eventhere are some flaws perceived in comfort and safety aspect. This is supported by someinterviews from several user of public transportation of Malang – Jombang, the users feel unsatisfied about the public service given, especially about safety factor. Safety factor as the important thing in implementation of public transportation service system is less noticed by the driver. The informant stated, Havist, a student who live in Jombang :

“The bus is less of quality because it doesn’t have competitors...” (Interview with public transportation of Malang – Jombang user, Sunday, March 31, 2014)

Sem, a student at one of universities in Malang city who live in Jombang also support the statement of first informant. He said that safety aspect was less noticed by the driver, he feltunsatisfied:

“Safety factor means, safety aspect of bus users.Actually, bus operator doesn’t matter but if it is seen from bus condition, itstill go even the bus is over capacity, while the road condition passed hills, and of course it was very dangerous, supported with the reckless driver.....” (Interview with public transportation of Malang – Jombang user, Sunday, March 31, 2014)

Another informant who live in Jombang, Marsa also stated that the government as the regulator and the private as the provider should make good cooperation, because this is the only public transportation that serves the passengers of Malang – Jombang. Especially, they should pay attention to the

quality of public service, she felt uncomfortable with the quality of public service.

“the buses need revitalization and rejuvenation, I think that it has standard of caring. About capacity of passenger should be limited, I don’t know, how DinasPerhubungan gives training to the driver but the drivers should give referral about how to give the excellent service to the society as user of that service.”

Aspect of AUP service (public transportation of passenger) that tend to thebad serving is indicated by a long period of time (due to the density of traffic jam, waiting for passengers), low security (including the crime in AUP), driver behavior, and others as dominant factors for society to move transportation modes (Abadi, 2012). Transfer modes are dominated by the migration of the AUP to motorbikes. Given the importance of transportation for the ongoing activities of the society, general transportation of Malang – Jombang is expected enable to serve the society well.

In public transportation of Malang – Jombang where there is only one business operates at one of market share, while indicates of monopoly practice described In Article 17 Act No 5 of 1999 is as follows:

- (1) Business actor prohibited to control over production and marketing of goods or service which cause monopolistic practice and or unfair business competition.
- (2) Business actor should be expected or considered to have control over production and or marketing of goods or service referred to paragraph (1) if:

- a. Goods or service concerned have not substitution yet; or
- b. Cause other businesses cannot following into the same goods or service competition, or
- c. Business actor or business group control more than 50% (fifty percent) of the market a particular type of goods or service.

In Article 3 also explained the purpose of the Law is to:

- a. Keeping the public interest and improve the efficiency of the national economy as part of efforts to improve the welfare of the social;
- b. Brought conducive business competition through fair competition arrangements in order to ensure certainty in the same business opportunities for businesses large, medium-sized entrepreneurs, and small businesses;
- c. Prevent monopolistic practices and or unfair business competition, and
- d. Create the effectiveness and efficiency in business activities.

Described in Article 138 of Act No 22 of 2009 about Road Traffic and Transportation, Point 1: (1). Public transport was organized in an effort to fulfill the transportation needssafety, comfortable and affordable.

In providing and managing of human transportation service stretch, the government handled by publishes the license. Publishing the license is in order to: (1). Provides security for the user to get the transportation

service.(2). Provides protection to the service provider to maintain a balance between the provision of transport (supply) and transport demand.

Government as regulator is expected to align and implement his roles and responsibilities well in accordance with the main aim of Article 17 Act No 5 of 1999 about Prohibition of Monopoly Practice and Unfair Business Competition. Roscoe Pound (1870-1964) said that the law as social engineering, the Ruler who has the authority to determine the direction of society, in this case the government is considered as the actor whose role to establish the policies that give effect to the public directly.

Based on the problems faced in background of the study above, the author take the title of **Implementation of Article 17 Act No 5 of 1999 Prohibition of Monopoly Practice and Unfair Business Competition on Public Transportation of Malang – Jombang.**

B. Research Question

In accordance with the description of the background mentioned above, the problem can be formulated as follows:

1. How the procurement of public transportation of Malang – Jombang (AKDP)?
2. Is there any monopoly practice in public transportation of Malang – Jombang(AKDP) as mentioned in Article 17 Act No 5 of 1999?

C. Research Objective

It is seen from the problem formulation that mentioned above, it can be concluded that the purposes of this study are:

1. To describe and analyze about how the procurement of public transportation of Malang –Jombang.
2. To describe and analyze about presumption of monopoly practice happen in public transportation of Malang – Jombang as mentioned in Article 17 Act No 5 of 1999.

D. Research Contribution

In a study should provide a contribution. The results of this study provide two contributions, both academic and practical benefits.

1. Academic

- 1.1 As beneficial for development thinking of Public Administration.
- 1.2 As input to DinasPerhubungan LLAJ of East Java Province and Relates Institution especially about availability of public services in the land transportation sector.

2. Practice

- 2.1 This research is expected able to give contribution to DinasPerhubungan LLAJ of East Java Province and Relates Institution in the provision of public transport.
- 2.2 Expected the result of this research useful to increase knowledge for those who are interested as basic reference material to conduct in depth research.

3. Research Systematic

CHAPTER I INTRODUCTION

This chapter focuses on what the problem faced in study case environment related to the title: **Implementation of Article 17 Act No 5 of 1999 Prohibition of Monopoly Practice and Unfair Business Competition on Public Transportation of Malang – Jombang**, it will explain in background of the study especially. The problem covered in this research is gap

normative between article 17 Act No 5 of 1999 and its implementation on public transportation of Malang - Jombang. Based on background and problem of the study then would be research objective and research contribution. While, research systematic explains each sub-chapter descriptively.

CHAPTER II THEORETICAL REVIEW

This chapter explains about theoretical review that used in this research. The theory used in this research include the implementation policy, inhibiting and supporting factor of implementation policy, monopoly practice, governance theory, the theory of procurement of goods and service, public service theory.

CHAPTER III RESEARCH METHOD

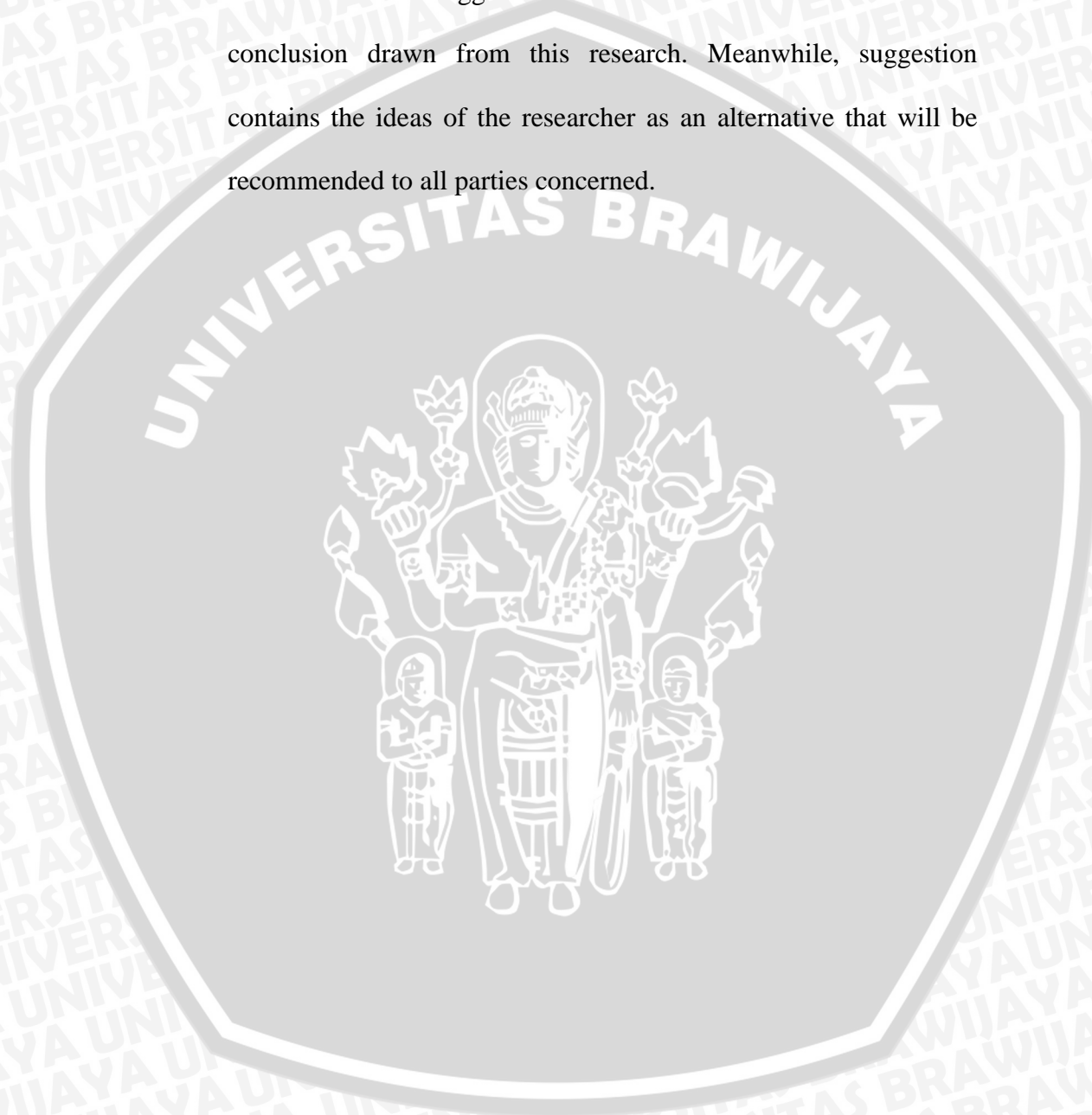
Chapter III contains the research methodology. This chapter describes the types of research, research focuses, the location and site of research, the type and source of data, data collection techniques, research instruments, and data analysis that is used in this research.

CHAPTER IV DATA PRESENTATION AND ANALYSIS

In this chapter describes the results of research about problem formulation that mentions in chapter I, data presentation and analysis of data in the form of a general overview of the object of study, description of the research focuses, and analysis and interpretation of data.

CHAPTER V CLOSING

Chapter V is the final of this research which consists of conclusion and suggestion. Conclusion contains the overall conclusion drawn from this research. Meanwhile, suggestion contains the ideas of the researcher as an alternative that will be recommended to all parties concerned.



CHAPTER II

THEORETICAL REVIEW

A. Policy Implementation

1. Public Policy

James E. Enderson (Widodo, 2011:11) gives an understanding of public policy, in his book which title is “*public policy making*”, as the series of activities which have specific goals followed and implemented by an actor or group related with a problem or something that is considered. Based on Enderson, it could be concluded that the primary goal of a policy is to solve an existing problem in the social environment.

Policy maker should understand the stages called public policy cycle. According to Dunn (1999:24), public policy process is as follows:

- a. Preparation of policy agenda
- b. Policy formulation
- c. Policy adoption
- d. Policy implementation
- e. Policy assessment

Restructuring policy agenda begins when policy maker is aware of an issue that requires the intervention of government then raise the issue as public issue. Policy formulation is a political process to determine what public action is still be take by government to solve social problems, in this process, policy maker claimed to find some alternative

of problem solution and finally it can be decided to get the best solution. Therefore, the government as the main actor in the policy formulation process hoped involve other actors to find an alternative solution of the problem. Transparency is the most important thing, it relates to the impact of the result, in other words that the purpose of the policy could be done accurately.

The next process is policy implementation which as a process to transforms the policy formulation into action. Formulation and implementation are often run linear because during the implementation there might be happen a possibility of change of circumstances which failure anticipates by policy maker. A policy was be successful if implementation able to transform the goals and objectives into policy outcome. Therefore, each policy requires evaluation, where the evaluation process could be done vertically by the chief executive, horizontally by public supervisor agency, or externally by the press (mass media), academics and public figures, and society itself, especially the policy targets (Dunn, 1999: 24).

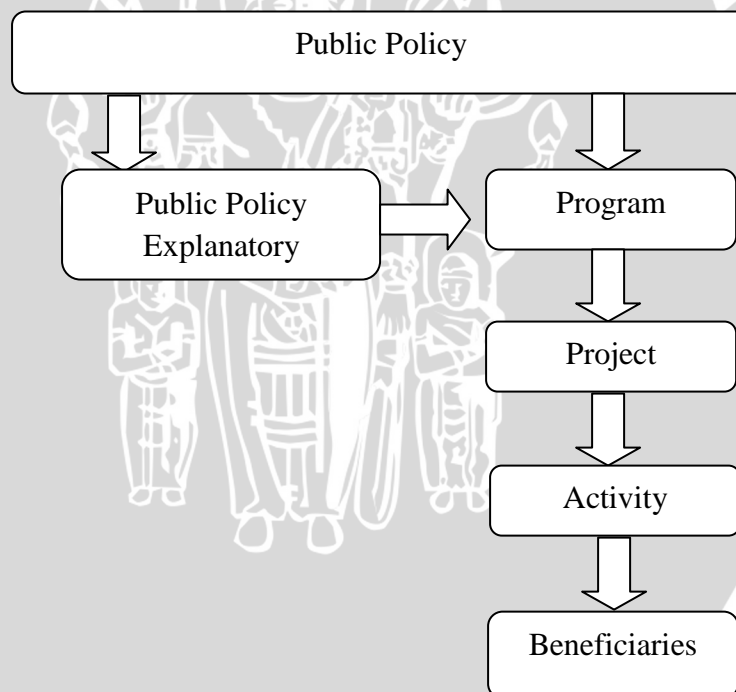
2. Public Policy Implementation

a. Policy Implementation

Policy implementation in principle is a way of policy to achieve its objectives. There are two options available to implement public policy, which is directly implemented in the form of programs.

It could be generally described as follows:

Figure 1: Policy Implementation Model



Source: Nugroho (2009: 495)

The second is public policy in the form of Law or Local Regulation in which a type of policy that requires public policy explanatory called as implementing regulation (Nugroho, 2009: 495).

Policy Implementation Model by Mazmanian and Sabatier

According to Daniel Mazmanian Paul A. Sabatier (1983):

"Implementation is the carrying out of basic policy decision, usually incorporated in statute but which can also take the form of important executive orders or court decision. Ideally, that decision identifies the problem(s) to be addressed, stipulates the objective(s) to be pursued, and, in variety of ways, 'structures' the implementation process." (As cited by Nugroho, 2009: 505)

Mazmanian and Sabatier model called the model analytical framework classifies the policy implementation process into three variables.

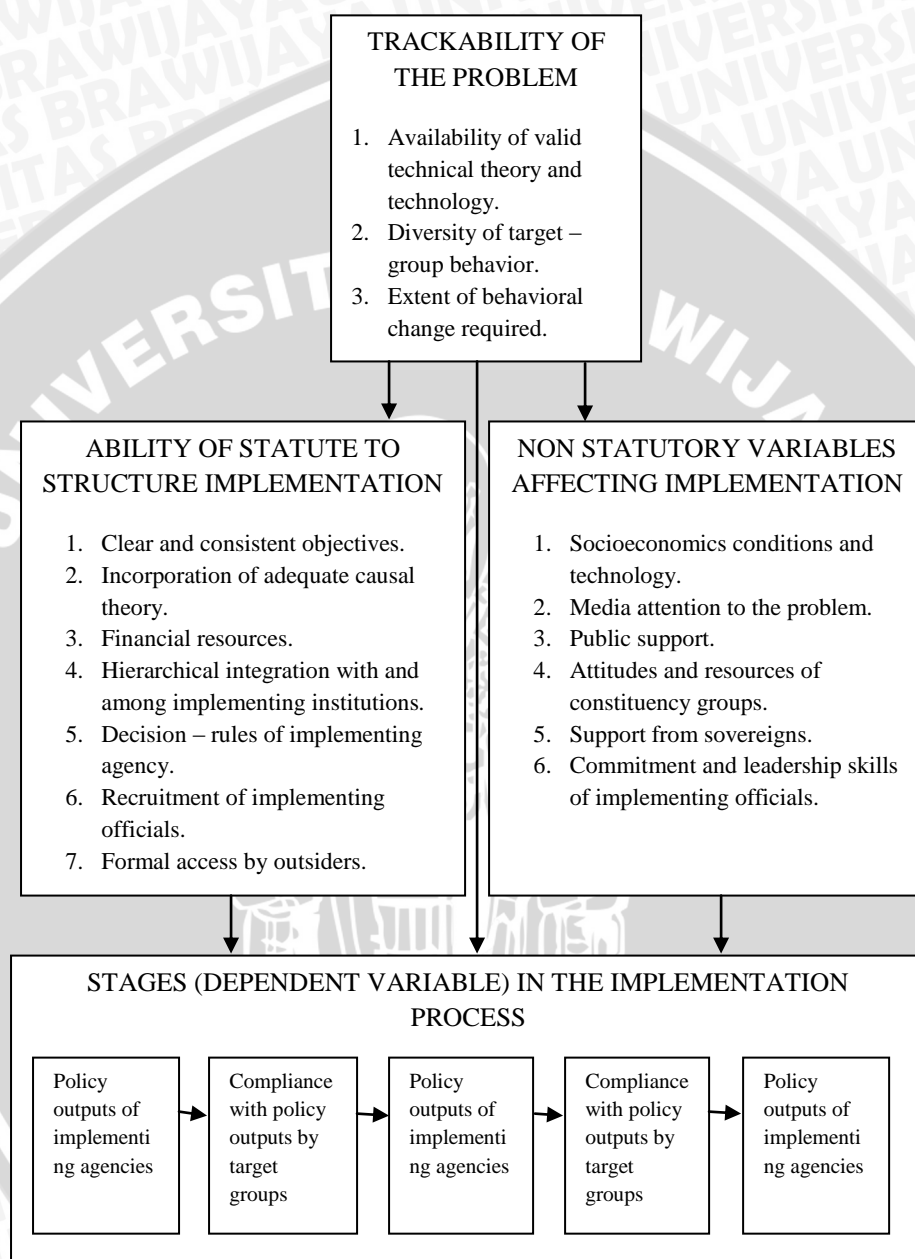
First, the independent variable, that is easy-whether the problem controlled with relate to indicators of theory and technical implementation issues, the diversity of objects, and what changes are desired.

Second, intervening variable, the variable ability to structure the policy implementation process with clarity and consistency purposes indicator, applied the causal theory, the accuracy of the allocation of resources, hierarchical integration among implementing agencies, the implementing

rules of the implementing agencies, and recruitment executive officers and openness to other actor outside; and outside of policy variables that affect the implementation process with respect to indicators of socio - economic conditions and technology, public support, attitude and resource constituents, support of higher authorities, and the commitment and leadership qualities of the executive officers.

Third, the dependent variable, the stages in the implementation process by five stages - understanding of agencies / implementing agencies in the form of implementing policy formulation, compliance of object, tangible results, the acceptance of tangible results, and finally lead to a revision of the policy.

Figure 2: Policy Implementation Model by Daniel Mazmaniardan Paul A. Sabatier



(Source: Nugroho, 2009: 506)

According to Brian W. Hogwood and Lewis A. Gunn (1984), ten pre-conditions need to be considered in the process of perfect implementing policy are:

1. External environmental conditions (physical and political) should not obstruct policy implementation process.
2. Availability of necessary resources sufficient and timely.
3. Combine of various resources (include: funds, human resources, natural resources, equipment, and other materials).
4. Policy implementation should base on validity of cause – effect theory.
5. Correlation of cause – effect should be direct and just little intervention variable.
6. Only one implementation agency, if there any other agencies involved, it must be minimal intervention.
7. Understanding and agreement on the goals to be achieved should belong to all parties involved.
8. The policy should be carried out formulated in detail.
9. All elements involved should make good communication and coordination.
10. The target should obey the policy that implemented (top – down).

b. Influence Factors of Policy Implementation

1. Inhibiting Factor

Implementation is a process to achieve predetermined objective, from formulation into practice. However, not all programs are implemented effectively. These symptoms according to Dunsir as cited by Wahab (2005:61) called as the implementation gap. It is a situation where the policy process is always open to the possibility of differences in the expected (planned) by policy makers to what in fact achieved (as a achievement of policy implementation).

Sunarko (2005:185) proposed his opinion that policy implementation may fail caused by some of the basic thing, among others:

- 1). The basic theory of that policy is unsuitable.
- 2). Selected target for implementation is not appropriate.
- 3). The target may less used properly.
- 4). The contents of the policy are vague.
- 5). The uncertainty of internal and external factors.
- 6). Holey policy.
- 7). Less attention to technical.
- 8). Lack of the availability of subsidiary sources (time, money, human resources).

Policies have a risk of failure are usually caused by several factors: 1) bad execution, means that executive do not have the expertise in accordance with the policy demands for control the policy target environment and the knowledgement still lack of understanding; 2) the content of the policy is not reflect the interests of society, the policy is unsuitable (bad policy); because it is unsuitable with social expectation, this called bad luck (Wahab, 1997: 48).

Based on things that cause a failure on policy implementation, it can be concluded that since the establishment of the policy is not always caused by inability of policy maker, but may be caused by less appropriate of policy formulation. Here is the important role played by implementing policies and should be able to take steps to hold a reformulation.

2. Supporting Factor

According to Anderson as cited by Wahab (2005: 56) explains that supporting factor of policy implementation includes:

- a. Social element who respect for the authorities and decisions of government agencies.
- b. The existence of consciousness to accept the policy decided by the government.

- c. Belief that the policy had a positive impact in solving the problems in society.

B. Monopoly Practice

Monopoly practice is control of the production and distribution of a product or service by one firm or a group of firms acting in concert. In its pure form, monopoly, which is characterized by an absence of competition, leads to high prices and a general lack of responsiveness to the needs and desires of consumers. Although the most flagrant monopolistic practices in the United States were outlawed by antitrust laws enacted in the late 19th century and early 20th century, monopolies persist in some degree as the result of such factors as patents, scarce essential materials, and high startup and production costs that discourage competition in certain industries. *Public monopolies*-those operated by the government, such as the post office, or closely regulated by the government, such as utilities-ensure the delivery of essential products and services at acceptable prices and generally avoid the disadvantages produced by private monopolies.

Definition of monopoly practice according to Act No 5 of 1999 is centralization of economic power by one or more businesses that lead to their control over the producing and or marketing of goods and or services which cause unfair competition and harm the public interest.

In Article 17 Act No 5 of 1999, which reads:

- (1) Business actor prohibited to control over production and marketing of goods or service which cause monopolistic practice and or unfair business competition.
- (2) Business actor should be expected or considered to have control over production and or marketing of goods or service referred to paragraph (1) if:
 - a. Goods or service concerned have not substitution yet; or
 - b. Cause other businesses cannot following into of the same goods or service competition, or
 - c. Business actor or business group control more than 50% (fifty percent) of the market a particular type of goods or service.

Types of Monopoly Practice

a. Perfect Monopoly

It called also absolute monopoly. Perfect monopoly is a situation where only one producer produces or only one supplier supplies something, in this case that there is only a single seller of product having no close substitute, not even remote one.

b. Imperfect Monopoly

Imperfect monopoly is also called as relative monopoly. It refers to a single seller market having no close substitute, means that in this market,

a product may have a remote substitute. So, there is fear of competition to some extent.

c. Private Monopoly

The private monopoly is when the production is owned, controlled and managed by the individual, or private body or private organization. This type of monopoly is profit oriented.

A private monopoly is obliged to pay at least some attention to satisfying its customer's needs. The less well it performs this, then the lower the barriers to entry are for any competitor. It's not clear why this would be the case for a nationalised monopoly. The history in this sphere shows that of "Public interest" requirements tends to expand in scope, far beyond that of simply keeping the business in profit.

d. Public Monopoly

This monopoly is created by the Government. It is a form of coercive monopoly in which a government agency or government corporation is the sole provider of a particular good or service and competition is prohibited by law.

e. Simple Monopoly

Simple monopoly is also called single-price monopoly. It abides by the law of one price, meaning everyone pays the same market price for all units purchased.

A condition of simple monopoly exists when a single seller only is exercising monopolistic power—whether or not there are other sellers in

the market who accept the price fixed by this seller—and when, allowance being made for cost of carriage and so forth, the same price rules throughout the whole of his market. In order that the effects of simple monopoly, as distinguished from simple competition, may be made clear, we must, of course, presume that the economies and technique of production are the same under both.

Simple monopoly works out in two different ways, according as, on the one hand, the entry to the industry is so far restricted that no resources are drawn into it other than those actually finding employment in it, or, on the other hand, entry to the industry is free. I shall study first industries of restricted entry.

When simple monopoly prevails, it is to the interest of the monopolist so to regulate his output as to make the excess of his aggregate receipts over his aggregate costs (including earnings of management and so forth) as large as possible. It follows that under simple monopoly output will always, other things being equal, be less than it would have been under simple competition. Hence in industries of decreasing supply price from the standpoint of the community the substitution of simple monopoly for simple competition will cause actual output, which is now below ideal output, to fall further below it: in industries of constant supply price in this sense, it will cause actual output, which is now equal to ideal output, to fall below ideal output; in industries of increasing supply price in this sense, it will cause actual output, which is now above ideal output, to

contract, and it *may* cause it to contract in a measure that brings it closer to ideal output than it has been hitherto. The conditions in which it will do this can be determined mathematically, but, unless unusual assumptions are introduced, they cannot be stated in simple terms. This, however, does not greatly matter. For in practice simple monopoly is much more likely to be introduced into industries of decreasing supply price from the standpoint of the industry.

f. Discriminating Monopoly

Such a monopoly firm charges different price to different customers for the same product. It prevails in more than one market. A discriminating monopoly, by using its monopolistic position, can do this as long as there are differences in price elasticity of demand between consumers or markets, and barriers to prevent consumers from making an arbitrage profit by selling among themselves. By catering to each type of customer the monopoly makes more profit.

g. Legal Monopoly

Legal monopoly is a type of monopoly that protected by law from competition. The government regulated firm that is legally entitled to be the only company offering a particular service in a particular area.

Right granted by a government to a firm to be an exclusive provider of a particular good or service (such as electricity or water supply) nationwide or within a geographich area. In exchange, the government acquires the

right to monitor and regulate the monopoly's activities, policies and rates.

(Business dictionary)

h. Natural Monopoly

A *natural monopoly* is a distinct type of monopoly that may arise when there are extremely high fixed costs of distribution, such as exist when large-scale infrastructure is required to ensure supply. Examples of infrastructure include cables and grids for electricity supply, pipelines for gas and water supply, and networks for rail and underground. These costs are also sunk costs, and they deter entry and exit.

In the case of natural monopolies, trying to increase competition by encouraging new entrants into the market creates a potential loss of efficiency. The efficiency loss to society would exist if the new entrant had to duplicate all the fixed factors - that is, the infrastructure.

It may be more efficient to allow only one firm to supply to the market because allowing competition would mean a *wasteful duplication of resources*.

Economies of scale

With natural monopolies, economies of scale are very significant so that minimum efficient scale is not reached until the firm has become very large in relation to the total size of the market.

Minimum efficient scale (MES) is the lowest level of output at which all scale economies are exploited. If MES is only achieved when output is

relatively high, it is likely that few firms will be able to compete in the market. When MES can only be achieved when one firm has exploited the majority of economies of scale available, then no more firms can enter the market.

Public utilities

Natural monopolies are common in markets for 'essential services' that require an expensive infrastructure to deliver the good or service, such as in the cases of water supply, electricity, and gas, and other industries known as public utilities.

Because there is the potential to exploit monopoly power, governments tend to nationalise or heavily regulate them.

Regulators

If public utilities are privately owned, as in the UK, since privatisation during the 1980s, they usually have their own special regulator to ensure that they do not exploit their monopoly status.

i. **Technological Monopoly**

Technological monopoly is a result of economies of large scale production, use of capital goods, new production methods. It also occurs when a single firm controls manufacturing methods necessary to produce a certain product, or has exclusive rights over the technology use to manufacture it. Technological monopolies differ from those based on

vertical or horizontal consolidation in that the exclusivity derives from the production process itself.

j. Joint Monopoly

Joint monopoly is also called shared monopoly. Joint monopoly is if two or more business firms acquire monopoly position through amalgamation, cartels, syndicates, and others, then it becomes joint monopoly.

Shared or joint monopoly refers to anticompetitive behavior firms, normally an oligopoly, in order to secure monopoly profits from the firms as a group. Essentially, joint monopoly requires some form of collusion but stops short of being a formal cartel. It is therefore similar to tacit collusion. In a joint monopoly, firms may not compete for the same customers and have instead local monopolies.

C. Governance Theory

Concept of Governance Theory

The concept of governance has change the meaning of the government as well known generally. A term of governance institutions refer to the state of being formal with marked any monopoly power to make policy and impose authoritatively and coercively. The process of policy (formulation, implementation and evaluation) walking in a linear manner with bureaucrats and the government as single actor. The concept of governance has been indicating the existence of a change of government meaning that refer to :1) a new process of governing, 2) a change condition of ordenen rule, 3) the new

method by which society is governed. It is also about the relationship between the state and its people, people who are treated not merely as consumers or customers but as citizens who have the right to hold their governments to account for the actions they take or fail to take. The term of 'governance' is intended to reflect these broader concerns. Good governance aims to achieve much more than mere efficient management of economy and financial resources, or particular public services; it is also a broad reform strategy to strengthen the institution of civil society and make government more open, responsive, accountable, and democratic. (Minogue, Polidano and Hulme, 1998:6)

While, according to Cheema as cited by Keban, Governance is a system of value, policy and institutional affairs, where economic social and political managed through the interaction between the community, the government, and private sector. This paradigm emphasize to the mechanism and process whereby the people and groups can articulate interests, mediate various kinds of differences and exercise rights and obligations. The government is expected to be play the role in creating political and legal environment in conducive situation, while private sector plays its role in creating jobs and revenues while society organizing social and political interactions.

Characteristic of Good Governance according to UNDP, include :

1. Participation

That all people should be given the opportunity to speak up in decision-making, either directly or through an intermediary institution that represents their need.

2. Rule of law

The rule of law should fair and enforced in discriminately, including laws governing human rights.

3. Transparency

The openness should be built on the free flow of information. Various processes, institutions and information should be accessible to all the stakeholder.

4. Responsiveness

The institution and the process directed to serve the stakeholder.

5. Consensus orientation

That there should be a mediation process to the general consensus of the group interest based on the policies and procedures.

6. Equity

That the society of every individual has an equal opportunity to improve and maintain their welfare.

7. Effectiveness and Efficiency

That the processes and institutions could fulfill the needs of the community through the best utilization of resources.

8. Accountability

That decision-makers in government agencies, public sector and civil society organization must be able to account their decision making to the public and stakeholder.

9. Strategic vision

That the leaders and the society should have abroad perspective and long-term human development with regard to the historical background and the complexity of social and cultural.

(Rondinelli as cited by Keban, 2008:38-39)

D. Procurement Theory of Goods and Service

Various definition of procurement has been raised by many experts, including Arrowsmith (2004), Happy Nur (2006), Christopher & Schooner (2007) and so on, in principle, procurement is an activity to obtain goods, or services in a transparent, the efficient and effectively in accordance with the needs and desires of its users. The definition of goods here also includes equipment and buildings for both public and private interests.

Goods/services are public goods that use associated with the interests of communities, groups and, in general, while the private goods/services are goods or services that only used in dividually or in groups. Based on this classification, there are two categorized both public goods or service and also private goods or service depend on its use. There is a variety of understanding related to public procurement, depending on their points of view. Referring to the common understanding of the procurement, so the public procurement can be understood from the point of view of the object of procurement, implementing procurement, and financial resources to conduct.

In these several meaning, public procurement is determined by who is carrying out the object of the procurement not by its goods /services. When it is done by government and public institutions, it categorized as public procurement, but if the procurement is done by private institutions, then it categorized as private procurement.

There is other type of procurement besides public procurement and private procurement, it called cooperative public procurement, where the actor of implementer the procurement for the user, but need of motivation and the implementation of procurement is derived from the procurement executor. The example of cooperative type is market construction, the proposal of development is done by regent / municipal government agency not by the users (market traders and society) and it conducted by local government.

Beside on the above classification, based on the budget resources used to the procurement of goods/service, then public procurement can be called as the activity of public procurement where the fund is come from the government or public institution. In this case, Indonesia used this meaning to differentiate between public procurement and private procurement. All the procurement which the fund is come from the government both through state budgeting or local budgeting and also from the society that managed by the government institution categorized as public procurement, therefore, all the process activity is based on Perpres No 54 of 2010.

E. Public Service

1. Definition of Public Service

According to Indonesian dictionary, service has three meanings, (1) the subject of how to serve, (2) serve efforts of the other of social needs to obtain a reward (money), (3) the convenience which given related with the sale and purchase of goods or services. Regarding with the definition above that the public transportation of Malang - Jombang has been made an effort to serve the social needs to obtain benefits. Types of services had been provided in the form of human transportation services to serve the route Malang - Jombang.

Public service is defined as the provision of services for social needs that have an interest in the organization in accordance with the basic rules and procedures (Sinambela, 2006:5). Furthermore, according to Kepmenpan No.63/KEP/M.PAN/7/2003 public service are

all service activities undertaken by public service providers as an effort to meet the needs of service recipients as well as the implementation of the provisions of law 's regulations.

According Hardiyansyah (2011:11) there are three (3)important essential elements in the public service, namely:

- a. Service providers are government / local government / private sector
- b. Individual, community or organization with an interest whose require the service.
- c. Customer satisfaction of service recipients.

From the explanations, Local government have a strong position as a regulator, since the government has a duty to make policy on service standards that needed or required by the person or interested organizations and basically organizations or society who need the service if it does not have the bargaining power to receive the service, it can encourage two-way communication to worsen the image of the service provided by the service provider sector.

The most important thing in a public service is to set the direction of public policy oriented to satisfy the customer, and it is done through efforts to improve and enhance the performance of management service provider. With the rapid advancement of the public life, public service demands must be oriented to the excellence service. Excellent service provided to service users will gives impact to the maximum level

of satisfaction. In this case a series of integrated activities in service excellence should be:

a. Public service is simple.

Public service called excellent when the implementation is not difficult, the procedure is not a lot of requirements, and it should be fulfilled customer needs and so on.

b. Open public service.

Customer's desire are served in honest, therefore apparatus in service providers should give explanations honestly.

c. Seamless public service.

It is need the procedures which are not difficult and personnel perform should provide the sincere service. In addition, needs supporting speeds of producing result (outputs).

d. Properly public service.

Here can be defined as the right direction and right target, Therefore, it should be supported by the simple procedures, adequate facilities, and communicate effectively.

e. Public service is complete.

Complete means the availability of what required by the customer. It is supported by the availability of human resources and facilities.

f. Reasonable public service.

Reasonable public service means not a luxury service style so public service will not burdensome the customer.

g. Affordable public service.

Especially the retribution should be accessible to customers. (Boediono, 2003:63-65).

2. Indicator of Public Service

According Kepmenpan No. 63 of 2003, public service should fulfill several principles, as follows:

1. Simplicity, nothing complicated procedures of public services, easy to understand and implement.
2. Clarity, the competent authorities responsible for provide services and resolution of complaints in carrying out a public execution.
3. Certainty of time, the implementation of public services could be done within a specified time.

4. Accuracy, public services received correctly, proper and legitimate.
5. Security, process and product of public service providing give security and legal certainty.
6. Responsibility, appointed official responsible for the provision of services and resolution of complaints in the implementation of public service.
7. Completeness of infrastructure and facilities, availability of infrastructure and other adequate supporting facilities including providers of telecommunications and informatics technology.
8. Discipline, politeness and friendliness, service providers have to be disciplined, polite, friendly, and provide services sincerity.
9. Ease of access, place, location, and service facilities are adequate, easily accessible by the public and utilize telecommunication and information technology.
10. Comfort, orderly service of environment, organized, provides a comfortable waiting room, clean, tidy, beautiful and healthy environment and equipped with supporting facilities services.

3. Quality of Public Service

The substance of public service is always associated with an activity undertaken by an individual or group or particular agency to provide assistance conveniently to achieve certain goals. Public services can be done by government and non-government. Quality public services must have service standards according to the Act No 25 of 2009 Article 1 Paragraph 7 that the standard of service is a measure that used as a reference guide service and service quality assessment as a liability and organizer promise to the society in order to service quality, fast, easy, affordable, and scalable.

Theoretically, public service is aimed to fulfill the desires and needs of the society rather than individually. To achieve the satisfaction of society, the expected service is an excellent public services, it is reflected in several aspects, among others, as follows:

- a. Transparency, ie openness service, easy and accessible for all, provided adequate and easy to understand.
- b. Accountability, as the stipulation of law.
- c. Conditional, using principles of efficiency and effectiveness.
- d. Participatory, services can facilitate public participation in the implementation of public service by pay attention to the aspirations, needs and expectations of society.

e. Equal rights, means that services are not discriminatory of any particular aspect, especially, race, ethnicity, religion, class, social status, and others.

f. Balance of rights and obligations, services based on the justice between the giver and receiver of public services.

(Sinambela, 2010:6)

According Gaspersz as cited by Sinambela (2010:6), he argued that basically the quality refers to the basic understanding, as follows:

1. The quality consists of several specialization of product, both attractive feature that fulfill the customer's need and satisfaction of using the product.
2. Quality consists of everything that free from the drawback or damage.

The quality is closely related to the systematic and comprehensive, known by the concept of excellent service. In order to the customer satisfaction as the main goal is achieved, the service personnel required to know the characteristic of his customers. Quality service can also be done with the concept of wholehearted service. This means that the service done without compulsion and oriented to satisfy of the customer. Apparatus services should give their best totality to the customer satisfaction, because satisfaction of the consumer is a barometer to measure the success of the service. According to Patton as

cited by Sinambela (2006:9), the value contained in the wholehearted service in the seriousness of four "P" attitudes, namely:

- a. Passionate, enthusiasm and attention of the officers who conducted will differentiate themselves that how look at him and the job through behavior and how to provide services to consumer.
- b. Progressive, creating new and exciting ways to improve services and the services of personal style.
- c. Proactive, an initiative to engage the community in providing the service.
- d. Positive, friendly to everyone.

F. Transportation

1. Definition of Transportation

Transportation is a moving process of human and goods from a place to another by using a tool that can be used by both of human and machine (Istiqomah, 2012:22). According to Nasution (2008:3) transportation is defined as the transferences of goods and humans from origin place of which transportation activities began to the destination where the transportation activities are terminated. As the result of increasing needs of human and distributions of goods, arise a demand to provide facilities and infrastructure, so that the movement can take place

in good condition, safe, comfort, and timely and low cost, therefore, transportation is always progressing rapidly in human history.

The concept of transportation is based on the existing of trip. The purpose of transportation is to facilitate the human in performing daily activities. There are four key elements in every transportation, road, vehicle and transportation equipment, propulsion, and terminal. Transportation has several elements that interrelated to the implementation of transportation, including:

1. Human, as subject that needs transportation.
2. Goods, as object of human needs.
3. Vehicle, as transportation.
4. Road, rail, and so on, as transportation infrastructures.
5. Organization, as general manager of transportation.

Transportation is additional factor, stimulating development and service provider to the economic development of a nation. Therefore, transportation facilities should be built precede other development project. In order to support the development of transportation function and serve the society to achieve their needs.

2. Kind of Transportation

Transportation divided into three types:

- e. Land Transportation

Land transportation is used on the surface of the ground, including bus, motorcycle, truck, train, minibus, tricycle, wagon, and so on.

f. Air Transportation

Air transportation defines as machine and tool that fly on the atmosphere due to the reaction force of the air lift. The transportations include airplane, helicopter, blimp (Nasution, 2008:201).

g. Sea Transportation

According to Act No 17 of 2008 about Shipping, Transportation in the Water is the activity of transporting and / or moves the passengers and/or goods by ship.

The ship is a water vehicle with a shape and certain type which driven by wind power, mechanical power, energy, including a powerful vehicle dynamic support, the vehicle below the surface of the water.

3. System of Transportation

Indonesia is an archipelago that has different characteristic with other countries. It is need a transportation system that capable of creating a union of Indonesia in ideological, political, social, cultural, economic, defense and security to reach the vision of the nation (Nasution, 2008: 296). In the new millennium era, the paradigm of development is

growing, accordance to the rules that apply in the free trade and global competition. Successful development of transportation sector will be greatly influenced by the stakeholders in the future, including alternative transportation solutions to control their area and also develop the regional economic potential and accommodate the increasing mobility of strong economically.

According to Nasution (2008:297), national transportation system is a management tool of the transportation management, of which:

National transportation system includes objectives and means of the national transportation system, vision, mission, policies, and direction of the embodiment of the national transportation system. National transportation system is organized in systemic transport, which consists of road transportation, rail transportation, river and lake transportation, crossing transportation, sea transportation, air transportation that each of them consisting of facilities and infrastructures that make up a system of transportation services effective and efficiently, serving the movement of society and goods dynamically.

The target of the national transportation system is realization of transportation implementation effective and efficiently. Effective means safe, high accessibility, integrated, adequate capacity, fast, convenient, timely, affordable rates, comfort, and low pollution. Efficient means low of public burden and high utility in the national network transportation (Nasution, 2008:298). Embodiments of the national transportation system can not be separated from the influence of evolving environment dynamically. Policy maker of transportation noted the influence factors,

such as regional autonomy policy, the development of science and technology, economic activity, social, cultural, defense and security, and international cooperation.

4. Role of Transportation

Transportation has big influence in the social activities and economic development in a nation. There are several roles of transportation:

a. Transportation and social life

Transportation is useful as raw materials and conveyance of its product. Besides, it is equitable distribution of the population and development.

b. Geographic specialization

A territory has different specialties for each district. It also gives impact to the product of every district which different one another, transportation as the marketing function to carry the product from the district to other.

c. Economical production

Availability of transportation will make more benefit if it is seen from economical aspect.

d. National development and Hankamnas

(Salim, 1995:10-12)

CHAPTER III

RESEARCH METHOD

A. Research Type

The research method is a procedures used to obtain information/material with the aim to finding the things or new principles as the solution of a problem. This research used qualitative approach and descriptive method. According to Zuriah (2007:47) descriptive method aimed to gives symptoms, facts, or events of the characteristic of population systematically and accurately. A descriptive method is not tending to find and explain interrelated thing and test the hypothesis.

While, Kirlk and Miller (1986) as cited by Basrowi and Suwandi (2008:23) define qualitative approach as a particular tradition in social science fundamentally depend on the observation of humans in its area and human relation in language and term. The use of descriptive research method and qualitative approach in this study aimed to give an overview and explanation of the indication of monopoly practice as mentioned in Article 17 Act No 5 of 1999 about Prohibition of Monopoly Practice and Unfair Business Competition on Public transportation of Malang – Jombang.

B. Research Focus

According to Sugiono(2011:285-286) in the view of qualitative, the symptoms of an object are holistic (comprehensive), so it will not determine its study based on the research variable, but overall of social situation include place, actor, and interactactivity synergistically. This research needs limitation of the problem called focus,the focus of the research is used to limit the studies, so that the object that will be examined is not too broad and more directed.

Based on the problems which have been described previously, then the focusesin this researchare:

1. Procurement of public transportation (AKDP).
 - a. Requirements of public transportation (AKDP) procurement.
 - b. Procedure to getlicense.
 - c. The mechanism to get license at P2T.
2. Indicates on Monopoly practice in public transportation of Malang – Jombang as described in Article 17 Act No 5 of 1999.
 - a. Goods or service concerned have not substitution yet
 - b. Cause the other businesses cannot following into the same goods or service competition
 - c. A Business actor or business group control more than 50% (fifty percent) of a particular type of goods or service in the market.

C. Location and Site

Research location is where the area research takes place. The enactment of a research location would be much easier to find out exactly where the study was carried out. The location of this research is in Surabaya City. While, site of research is point outcapture real objects to be studied. Research site would carry out in DinasPerhubungan dan LLAJ of East Java Province.

The reason of researcher took place in Surabaya City as research location and DinasPerhubungan dan LLAJ of East Java Province as research site because of the data is accurate and relevant to the research problem about indication of monopoly practice as mentioned in Article 17 Act No 5 of 1999 about Prohibition of Monopoly Practice and Unfair Business Competition on Public transportation of Malang – Jombang.

D. Type and Source of Data

According to Sugiono (2011:193), data collection is able to use primary and secondary source, viewed from its source of data.

1. Primary source, source of data that provided to the data collector directly. Primary source obtained from the informant that able to know related with existing problem. The informants are official of DinasPerhubungan dan LLAJ of East Java Province, institution relates and some of informant as user of public transportation service of Malang – Jombang.

2. Secondary source is indirect source of data that gives information about existing problem to the data collector. Secondary source of data in this research is derived from notes, documents, and the laws and also reports related with existing problem of the research focus.

E. Data Collection Technique

There are three of data collection methods used in this research:

1. Interview

The writer has conversation with several informants. The informants are official of Dinas Perhubungan dan LLAJ of East Java Province, institution relates and some of informant as user of public transportation service of Malang – Jombang for a required data. The writer used unstructured interviews, means that the writer interview the respondents used spontaneous queries related to the problem, especially about the focus that mention before.

2. Observation

According to Sugiyono (2011:203), observation as a data collection method is used when reviewing the observation of human behavior, work process, natural phenomena, and also when the respondent is not too much. Observation is not just limit to the human, but also other natural object.

3. Documentation

Documentation might include other archives that needed by the writer as compilation of writing.

F. Research Instrument

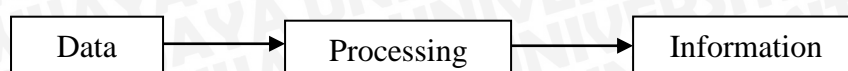
Research instrument is the tool used by writer to collect the data, research instrument includes:

1. Researcher herself, whois the key instrument(Sugiyono, 2011:306).
2. Interview guide, list of structured questions as a tool to explore the information.
3. Notebook, used to record the important things when the research conducted.
4. Digital Camera, as supporting tool when taking documentation

G. Data Analysis

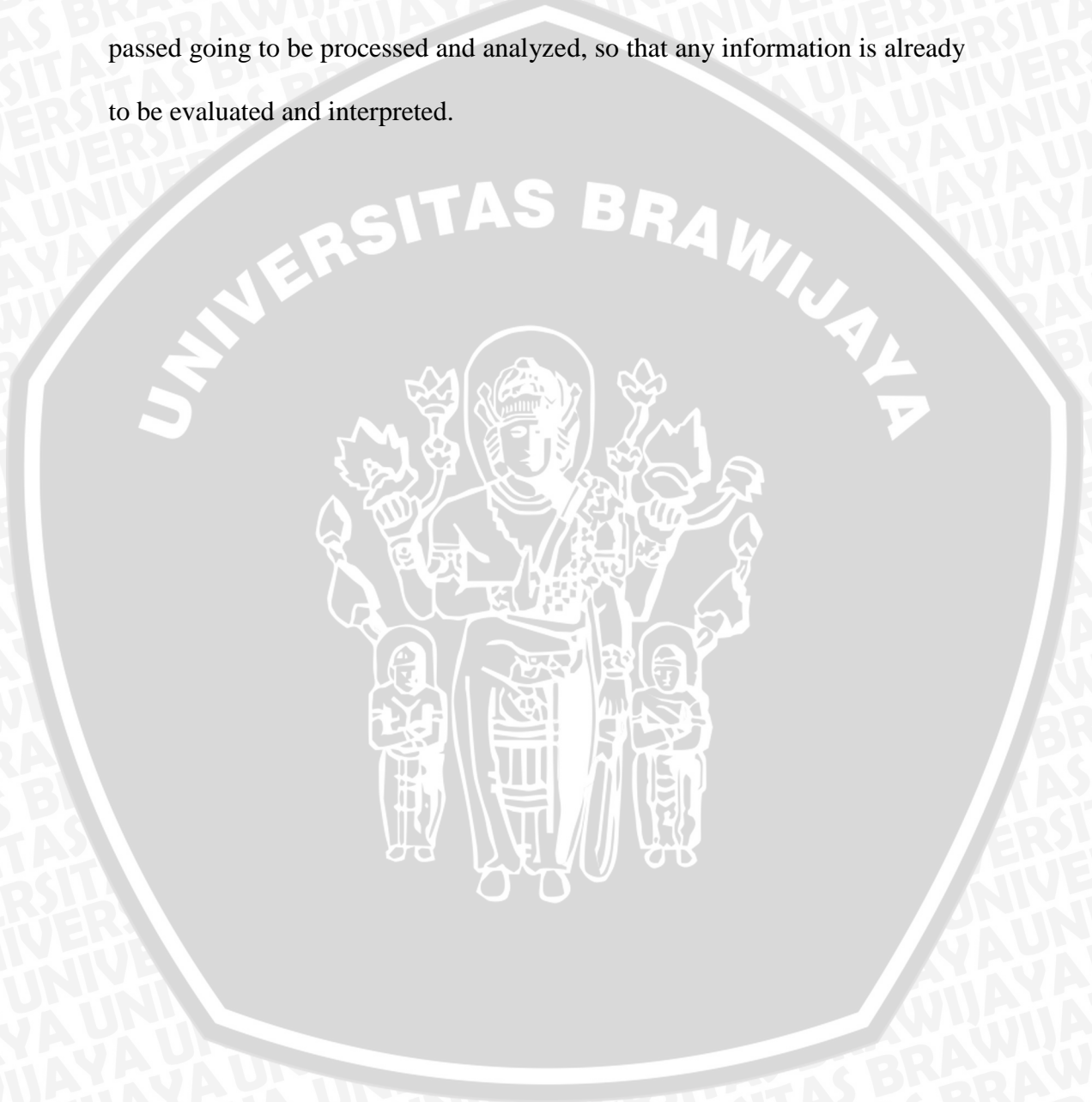
Data analysis is the process of searching and compiling systematically that obtained from interviews, notes, and documentations, which it could be used to make conclusion and suggestion that easily understood by both the writer and others.

Figure 3: Data Analysis



Source: Mantra (2008:123)

Data collected needs to be selected in advance on the basis of reliability before processing. Low reliability of data was aborted, or another option, it would be equipped with substitution. While, the data has been passed going to be processed and analyzed, so that any information is already to be evaluated and interpreted.



CHAPTER IV

RESEARCH RESULT AND DISCUSSION

A. General Overview

1. Profile of Surabaya City

a. The History of Surabaya

The history of Surabaya is condensed by the value of heroism. Since the beginning of the establishment of this city has a long history associated with the values of heroism. The term Surabaya consisting of participles *sura* (brave) and *baya* (danger), which are then literally be defined as courage to face danger to come. The value of heroism is one of them come into being in the event of a battle between *radenwijaya* and forces the mongols lead by *kublai khan* in 1293. So until now the date perpetuated into the date of the founding of the city of Surabaya, namely 31 May.

Society of Surabaya most imaged heroism in battle November 10th, 1945. "*Arek-areksuroboyo*", an informal term for society of Surabaya, by bringing *baimboo* pointy boldly resists the allied forces that carry large guns sophisticated. Ten thousands of people died defend the homeland. The heroic is then perpetuated as a hero day memorial, and then it makes Surabaya as a hero city.

The history of Surabaya is also relating to the activity of commerce. Geographically of Surabaya indeed created as a city of

commerce and the harbor. Surabaya is also the main gate of Majapahit kingdom. Located in northern coastal the island of Java made it develop into an important port in the Majapahit era on the century -- 14.

Continues to the colonial, its geographical location of which is very strategic made the Dutch colonial government on the century -- 19, its position as a major port which serves as the last of a series of collecting centers activity of gathering the result of farm in the eastern end of the island of Java existing in rural areas to be exported to Europe.

The name "Surabaya" appeared at early Majapahit era. It was locally believed to derive its name from the words Sura or Suro (shark) and Baya or Boyo (crocodile), two creatures which, in a local myth, fought each other in order to gain the title of "the strongest and most powerful animal" in the area according to Jayabaya prophecy. Other historic sources explain that the symbol of Sura (shark) and Baya (crocodile) is actually to describe heroic event took place in Ujung Galuh (the past name of Surabaya), that is a battle between army led by Raden Widjaja and army troop Tar Tar on May 31st 1293. That date then commemorated as the city anniversary.

b. City Demography

Surabaya is located in the Northern Coast of East Java Province. Geographically, it is located in $9^{\circ} - 7^{\circ} 7'$ South Latitude and

112 ° 112 ° 36'-57' East Longitude. Surabaya city borders with Madura strait in the north and east, Sidoarjo Regency in the south, and Gresik Regency in the west. Surabaya areas are mainly lowlands, with the height between 3 to 6 ms above sea level except in the south, there are 2 gently sloping hills altitude between 25 – 50 ms above sea level. In Surabaya, there is river estuary of Kalimas, one of the two fractions of Brantas River. Administratively, Surabaya is divided into 163 districts and 31 sub districts with the total population reaches 2.9 Million people at night and it doubles up to 5.6 Million people at day due to many people coming from the neighboring cities working in Surabaya.

c. Peaceful Socio-Cultural Life

The symbol of battle between Sura the shark, and Buaya the crocodile which later became the symbol of Surabaya is presenting the heroic spirit and bravery character of its people. Originally, the character of Surabaya people is egalitarian and open. The mixture of cultures is marked with various ethnics living in the area, they are Madurese in the north area, while around the famous tomb of Sunan Ampel, we can find Arabian and Chinese. The calling of Arek Suroboyo (Surabaya Resident) came from kampong originally called Arek Kampong. That calling soon became famous and has high prestige for the beholder for it reflects togetherness with high solidarity, bravery, democracy,

persistence, and always open. Thus, anyone lives in Surabaya is called *ArekSuroboyo*.

d. Magnificent Economy

Since early 20th century, Surabaya has been known as the busiest port and largest city in the Dutch East Indies colony area. Surabaya has grown into one of the important trading port cities in Asia, equal to Calcutta, Rangoon, Singapore, Bangkok, Hongkong, and Shanghai. The abundance production of sugar and tobacco from the Brantas Valley which stretches from Jombang, Kediri, and Madiun has led to the birth of modern economic institution, like banks, insurance, and export- import companies. The high potential and economic activity in the city makes more foreign newcomers are interested to start a business or to work, and then settle in Surabaya.

To date, Surabaya economic growth is always above the East Java Province and even National economic growth. Real sector manages to encourage economic growth of Surabaya in year 2009 to face the global economic crisis. This can be seen from the achievement of 2008, when the city economy was growing above 6%, not to mention its position as a commercial storefront in Eastern Indonesia. In 2009, the city was awarded as the best cost effectiveness city among 133 Asian future cities by Financial Times Magazine.

e. The Green and Clean Environment

As a metropolis which faces challenges in environment problems, Surabaya has committed to preserve its environment and make it into a green city. Various leading projects have been done, such as holding the Green and Clean Competition among its kampongs, Car Free day in several boulevards, Community-based Waste Management, Mangrove Conservation, etc. Such programs have driven Surabaya to the leading position in Environment Preservation proven by the many national and international awards given to the city, they are: Adipura (National highest award as the cleanest city), Adiwiyata (national highest award for environmentally friendly school), Kalpataru (national award for person who succeed in preserving environment) for many years simultaneously, Energy Globe Award 2005, Green Apple Award 2007, ASEAN Environment Sustainable City, Indonesia Green Region Award 2011, Smart City Award 2011, etc. n.

f. Vision and Mission

Vision of Surabaya City

To be better Surabaya is a term that having significance strategic and reflection the aspirations of the people who want to change in accordance with their needs, desires, and expectations of society. Change within the number of population continues to grow bring demands to increase the support of the town on a sustainable basis. Characteristic of population continues to dynamics degree of

human resources must be supported by an increase in the environmenteconomic growth must offset by strengthening local economic structure capable of competing in the regional and internationalincreased public participation, bureaucracy reform, and increaseaccessibility, capacity, and quality of public services are threechallenges that cannot be separated each other.

“MENUJU SURABAYA LEBIH BAIK sebagai KOTA JASA dan PERDAGANGAN yang CERDAS, MANUSIAWI, BERMARTABAT dan BERWAWASAN LINGKUNGAN”

Mission of Surabaya City

The mission is something that must hold or exercised by an organization, according to the vision that has been set, for the purpose of organization can be done and success well.Mission of elected mayor stage show clearly that was important in the development process in the city of Surabaya.The mission that has been set is as follows:

1. Mission to build city life more intelligent through the improvement of human resources, powered by an increase in thequality of intellectual, mental-spiritual, a craft and health of people integrally and sustainable.
2. The mission also presented an atmosphere of the city of being humane through the accessibility, capacity, and the quality

of public services, bureaucracy reform, and a utilization of resources for the welfare of the society.

3. The mission externalise his fairies life residents who dignified through economic development of social-based that priority on the expansion of economic access to support an increase in resources copyright and creativity all the society of Surabaya in strengthening efforts of local economic structure capable of competing in the area of regional and international.
4. Making Surabaya more comfort through the development of better physical and social infrastructure evenly that environmentally.

g. Excellent Village Program

Excellent village program is a program that pursued by a city government Surabaya to manage ten of villages that will be used as central industry small and medium enterprises (IKM). The Program which runs since 2010 has empowered ten of superior town that having the different characteristics. Characteristic are products made, habit, and different educational background.

That town among others :

- Kampung tas ingadukan – morokembangan, subdistrict of krembangan
- Kampung bordir in kedungbaru, subdistrict of rungkut
- Kampung kuebasah in penjaringan sari, subdistrict of rungkut
- Kampung jahit in pucangan – kertajaya, subdistrict of gubeng

- Kampungkerupuk ingununganyartambak, gununganyar
- Kampungsepatu intambakosowilangon, subdistrict of benowo
- Kampungtempe in tenggilis, subdistrict of tenggilismejoyo
- Kampunghandycraft in wonorejo, subdistrict of tegal sari
- Kampungkeripiktempe in sukomanunggal, subdistrict of sukomanunggal
- Kampung paving in pakal, subdistrict of pakal

To succeed the excellent village program, every village equipped by various facilities of :

- Power companion in each excellent village. The function as a facilitator, motivator, as well as a link between IKM of excellent village with dispendag.
- Comparative study/internship in developed small and medium industries sentara (IKM) to increase the IKM of excellent village.
- The tools to production process.
- Following exhibition of commerce, well organized by the government and private sector.

This program is facility for IKM of excellent village to do a promotion. Municipal not only equip excellent village with facilities, but also evaluating routinely, follow up, and give the

attainment of goals for each carpel. Therefore, society of excellent village will hold event, develop, and increasing quality.

The government is opening access to promotion on the offender of IKM. The sale of products excellent village spreading through mall and central shopping centers such as ITC Mega Grosir, Pusat Grosir Surabaya (PGS), Jembatan Merah Plaza (JMP), Tunjungan Plaza, Royal Plaza dan City of Tomorrow (CITO).

Lastly, the government must keep trying to accompanying and give free services in proposing to business legality. Management service business legality currently had been available in Royal Plaza, ITC Mega Grosir and also at the office of Dinas Perdagangan dan Perindustrian of Surabaya.

1. Profile of Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East

Java Province

a. Vision and Mission

The implementation of program and activity of department as technical institution of East Java Province government is always based on vision and mission of East Java, that are :

Vision

Manifesting the quality of public transportation to supports the improving of social welfare and regional development.

Mision

1. Increase distribution service priorities on the archipelago and low income of society.
2. Improving the cheap, easy, safety, comfort and fast service.
3. Improving the role of transportation in acceleration and equitable regional development process.
4. Push the participation of society and business actors in improving public transportation service.

b. Basic Law

According to Act no 32 of 2004 about local government and Act No 33 of 2004 about financial consideration between central and local government, the central government still has responsible to the development activity and public transportation service and local postal. The implementation of public transportation development and local postal are done by stakeholders and funding by various resourves, among others as follows :

a. Central Government (APBN)

Especially the construction project of central government, among others infrastructure in national scale and cross province. Based on the legislation, the activities of development should coordinate with provincial government, so that, it can synchronize and integrate with the policy and development program conducted by provincial government

b. Local Government (APBD)

Based on the role and responsibility of provincial government, so the the development activity which conducted by East Java Province is the development activity in regional scale, cross the regency/city, and the responsibilities is handed to the provincial government.

c. State Enterprise (BUMN)

Services events transportation sector with postel, not only held by central government and regional also done other agency; state enterprises, among others, PT KAI, PT AngkasaPura, PT Garuda, PT Pelindo, Perum DAMRI, PT ASDP, PT PELNI, DAMRI and others.

Activities and construction services performed by State Enterprise is generally independent however still needs coordination with the regional government.

d. Regional Enterprise (BUMD)

Until now in East Java Province still has not Regional Enterprise in transportation field and postel.

e. Private

The service which performed by private sector among others in the field of operational highway transportation service buses in the city, city buses and the public transport the city. While for transportation services in the air is airline.

f. Society

The society has two roles, as user and as provider, even generally in the small scale but has important role. Public service activity mentioned is the service activities conducted by society is not in the form of business entities, for example public transportation service of the city that conducted by society. This role is very important because it will decrease the burdent of the government, so the government should gives the easiness to support the improvement of public service quality.

g. Foreign

This source is in the form of grant or loan and generally in the form of soft loans. The source of fund from foreign, even it will possible to having corporate with foreign including looking for source of development, but it should following the procedure from central government and through administration process with central government.

c. Responsibility and Function

Responsibility

Dinas Perhubungan, Komunikasi, dan Informatika has the main responsibility to execute the local government affairs in transportation sector, communication and informatics based on regional autonomy and additional duties.

Function

1. Policy formulation in transportation, communication and informatics sector.
2. Conducted the government affairs and public transportation service in transportation, communication and informatics sector.
3. Manage and implement the task in transportation, communication and informatics sector.
4. Implement the task in the traffic, transportation, operational control and safety, communication and informatics.
5. Monitoring, evaluating and reporting in transportation, communication and informatics sector.
6. Implementation of the secretarial Department.
7. Implement the task given by governor according to the task and function.

2. Data Presentation

1. Procurement of Public Transportation (AKDP)

a. Requirement of Public Transportation (AKDP) Procurement

the license of procurement of public transportation on the route, especially for AKDP (passed more than one city/regency in a province) in East Java Province is the authority of DinasPerhubunganDanLaluLintasAngkutanJalan of East Java Province because it's passed more than a city/regency, as explained

by Mr. Imam, as the Head of Unit Pelaksana Teknis of Terminal Tlogo Mas :

“..... for operational license of AKDP is the authority of Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province. Dinas Perhubungan of Malang City doesn't have authority, just gives recommendation and the technique implementation is in this place (Terminal Tlogo Mas).” (interview with the Head of Unit Pelaksana Teknis of Terminal Tlogo Mas, Wednesday, April 16, 2014 at 10 AM at Terminal Tlogo Mas office)

Basically, to permit the license of procurement of public transportation on the route, the process should pass the several steps in accordance with the regulation as stipulated by Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province as described in the figure below.

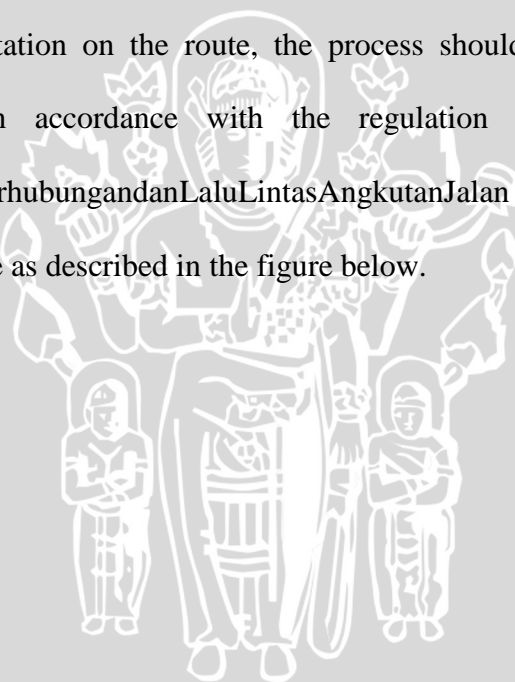
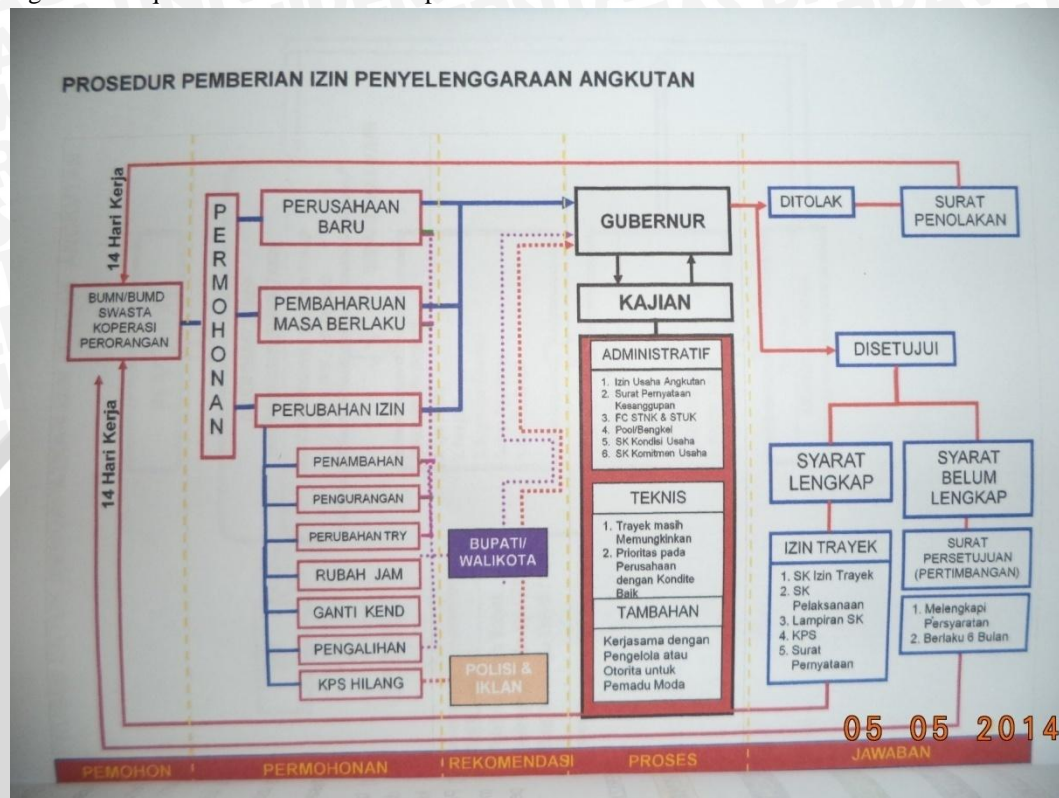


Figure 4 : Requirement of Public Transportation Procurement



Source :bukupintarangkutanjalan

The licensor of procurement of public transportation on the route, especially for AKDP (passed more than one city/regency in a province) in East Java Province is the Governor which gives that authority to DinasPerhubunganDanLaluLintasAngkutanJalan of East Java Province, at the office ofDinasPerhubunganDan LLAJ of East Java Province, Mr. Tri Soerjo as the Head ofTransportation Management of DinasPerhubunganDan LLAJ of East Java Province explain that.

“The licensor of procurement of public transportation on the route in the form of AKDP is DinasPerhubungan LLAJ of East Java Province on behalf of the Governor. AKDP itself is the transportation through more than a city/regency in a province.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 5th, 2014, at 09.00AM at the office of DinasPerhubungan Lalu Lintas Angkutan Jalan East Java Province)

To get the license of procurement of public transportation on the route in the form of AKDP, the process through several steps as mentioned in the figure above, among others :

- i. Administrative requirement include transport business license, capability statement, Photo copy of STNK (Surat Tanda Nomor Kendaraan) and STUK (Surat Tanda Uji Kendaraan), Pool/Bengkel, Certificate of business condition, certificate of business commitment.
- ii. Technique requirement include the route still possible, priority to the good condition of companies.
- iii. Additional

Based on information from informant, Mr. Tri Soerjo, there are several requirements when a company wants to propose license to operate their public transportation on a route, the first is fulfill the administrative and technique requirements.

“..... For administrative requirement, it can be seen in “bukupintarangkutanjalan” including transportation license and others.”(Interview with the Head of Transportation Management of DinasPerhubungan dan LLAJ of East Java Province, Monday, May 5th, 2014, at 09.00AM at the office of DinasPerhubungan dan Lalu Lintas Angkutan Jalan East Java Province)

Technique requirement include, the route still possible, priority to the good condition of companies. DinasPerhubungan dan Lalu Lintas Angkutan Jalan of East Java Province will survey about a number of public transportation users or called also volume survey of passengers, if it has many people who uses public transportation services, the company has been fulfill the technical requirements

“.....means of the route still possible is survey of passengers who use public transportation on that route.”(Interview with the Head of Transportation Management of DinasPerhubungan dan LLAJ of East Java Province, Monday, May 5th, 2014, at 09.00AM at the office of DinasPerhubungan dan Lalu Lintas Angkutan Jalan East Java Province)

The survey is called locator survey and conducted by DinasPerhubungan dan Lalu Lintas Angkutan Jalan, Mr. Tri Soerjo said.

“the survey to knowing the volume of passenger/user of public transportation is called locator survey and it conducted by DinasPerhubungan dan Lalu Lintas Angkutan Jalan of East Java Province.” (Interview with the Head of Transportation Management of DinasPerhubungan dan LLAJ of East Java Province, Monday, May 5th, 2014, at 09.00AM at the office of DinasPerhubungan dan Lalu Lintas Angkutan Jalan East Java Province)

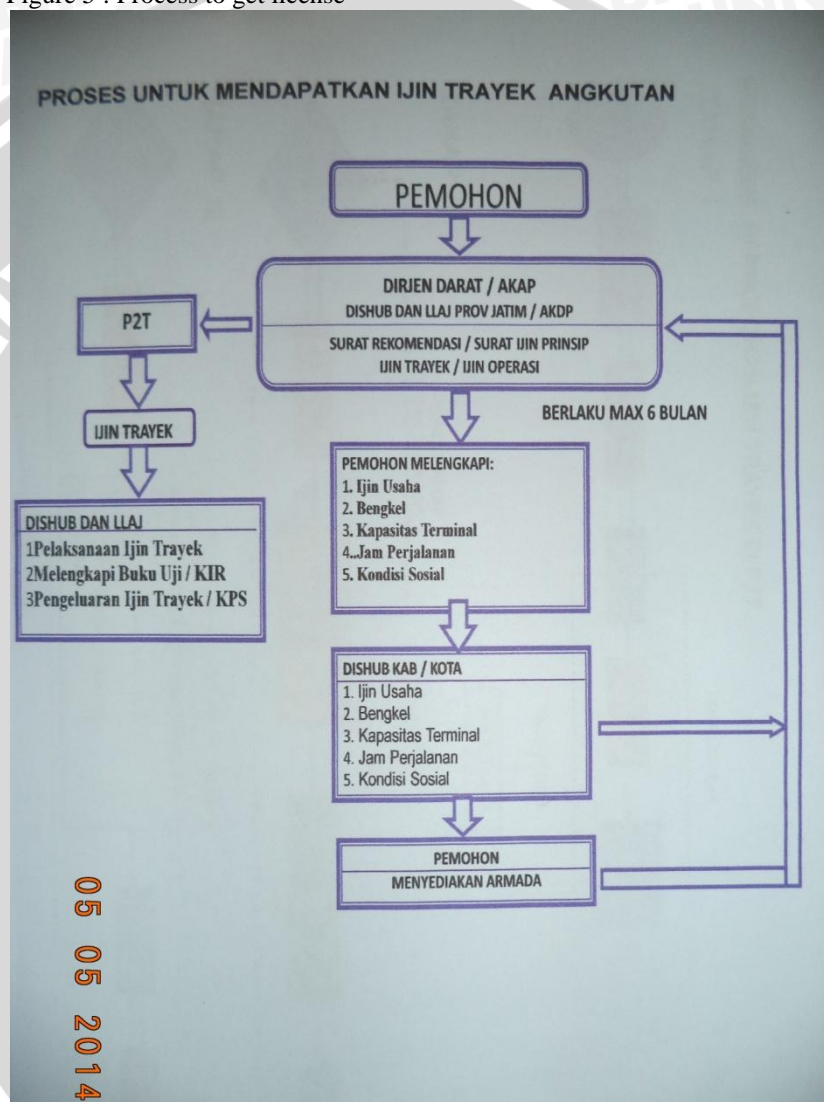
In addition, the good condition of company is become one of the criteria, it means that the company must fulfill some of requirements. In the latest, according to Mr. Tri Soerjo, the Head of Transportation Management of Dinas Perhubungan dan LLAJ of East Java Province, as mentioned in the new rules, the good company include :

1. The company should in the form of PT or CV.
2. The buses at least should be 10 of a fleet and having one as reserve.
3. The company has a garage.
4. Adequate of driver

“.....besides, the company is in good condition, in the form of PT/CV, have the buses at least 10 and having on another as reserve, the company obligates to have a garage itself and the last is adequate of driver.” (Interview with the Head of Transportation Management of Dinas Perhubungan dan LLAJ of East Java Province, Monday, May 5th, 2014, at 10.00AM at the office of Dinas Perhubungan dan Lalu Lintas Angkutan Jalan East Java Province)

b. Procedure to Get License

Figure 5 : Process to get license



Source :bukupintarangkutanjalan

The process to get license of procurement of public transportation is described in figure 5. Mr. Tri explain that the suppliant that mentioned in the figure is business actor that having a license to build a business activity.

“the suppliant here is business actor that having a license to build a business activity.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 5th, 2014, at 10.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan East Java Province)

The license of procurement of public transportation (AKDP) at DinasPerhubungan LLAJ of East Java Province on behalf of the governor where the region passed more than one regency/city but still in a province. If the license in the form of the procurement of AKAP (passed more than one regency/city inter province) and the license to be done at the center, Jakarta.

“the license of procurement of public transportation is on behalf of the governor for AKDP because it will passed more than one regency/city but still in a province If the license in the form of the procurement of AKAP (passed more than one regency/city inter province) and the license will be conduct at the center.”(Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 08.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan East Java Province)

To get the license, the suppliant also complete the several requirements as mentioned in the figure, include :

1. Business license
2. Forge
3. The capacity of terminal
4. Journey time

5. Socio condition

Those requirements have to be accompanied by the requirements that obtained from Dinas Perhubungan of domicile, include :

1. Business license
2. Forge
3. The capacity of terminal
4. Journey time
5. Socio condition

“the supplicant will get operational license by complete several requirements as mentioned in the picture.....”(Interview with the Head of Transportation Management of Dinas Perhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 08.00AM at the office of Dinas Perhubungan Lalu Lintas Angkutan Jalan East Java Province)

After the supplicant getting the operational license, he should provide the buses on that route.

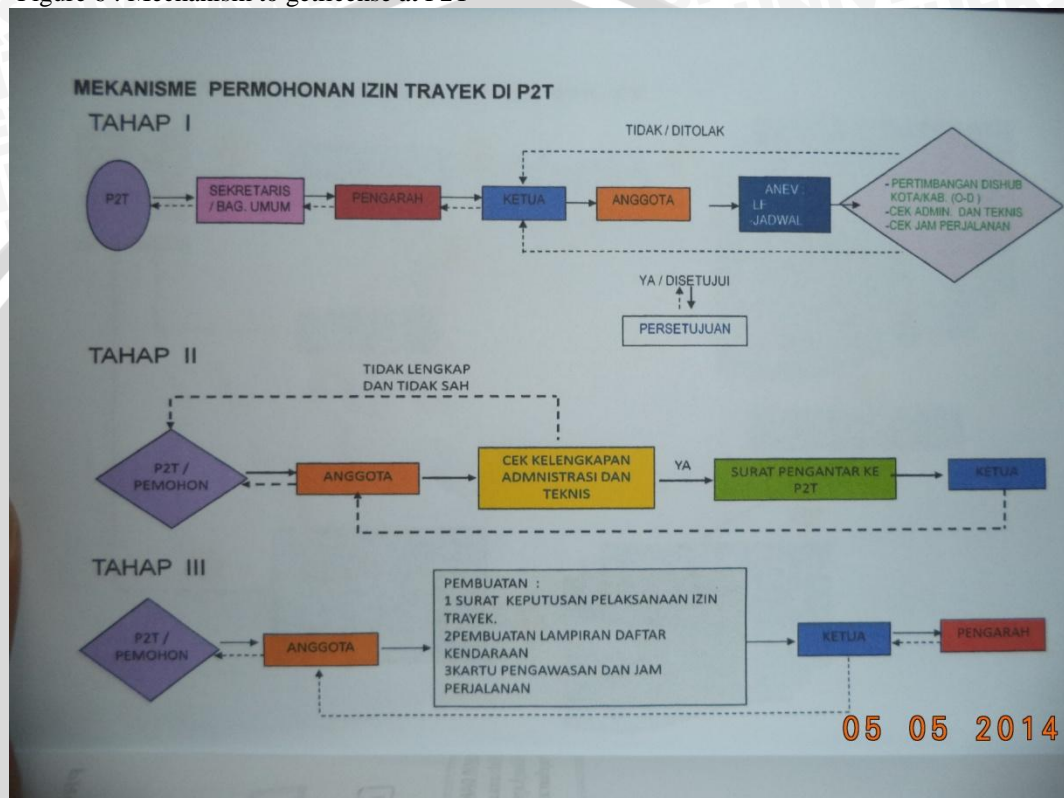
Dinas Perhubungan gives the approval to the supplicant after he fulfills the requirements and then the supplicant brings those requirements to P2T Perijinan Pelayanan Terpadu Satu Atap of East Java Province. The license will publish there.

“the completeness of requirements will be taken by supplicant to P2T, Perijinan Pelayanan Terpadu Satu Atap because the license will publish there.”(Interview with the Head of Transportation Management of Dinas Perhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 09.00AM at the office of

DinasPerhubunganDanLaluLintasAngkutanJalan East Java Province)

c. Mechanism to Get License at P2T

Figure 6 : Mechanism to getlicense at P2T



Source :bukupintarangkutanjalan

The flow above is the mechanism of supplication of license to procurement of public transportation at P2T (Perijinan Pelayanan Terpadu).

There are three stages that have to pass by supplicant. The first stage is checking the completeness of requirements, by attach the certificate of determining from Origin and Destination of DinasPerhubungan, administrative and technique requirements and also checking the journey time, here the explanation of Mr. Tri Soerjo :

“at that stage is checking the completeness of requirements by attach the certificate of determining from Origin and Destination of DinasPerhubungan of East Java Province, administrative and technique requirements and also checking the journey time.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 09.00AM at the office of DinasPerhubungan Lalu Lintas Angkutan Jalan of East Java Province)

He added that the certificate of determining of DinasPerhubungan should derived from both DinasPerhubungan which will passed, called O – D or the acronym of Origin – Destination.

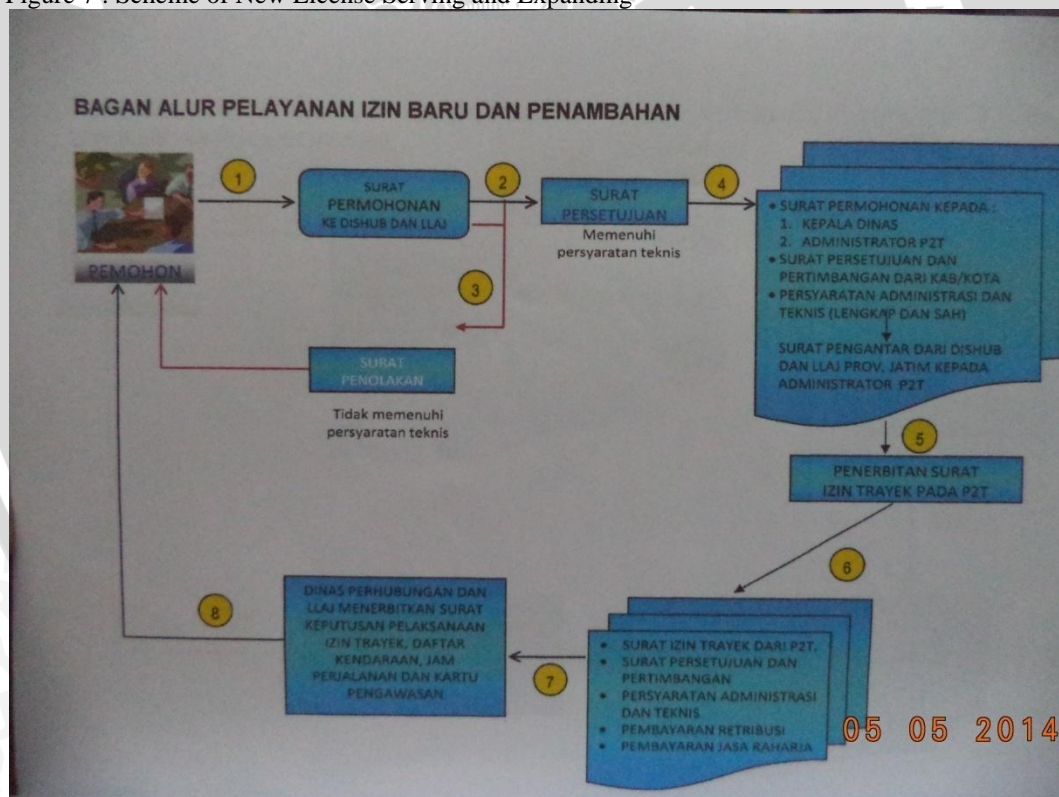
“the certificate of determining should come from two DinasPerhubungan because this is AKDP which passed more than one regency/city, usually it called DinasPerhubungan of O – D or DinasPerhubungan of Origin and DinasPerhubungan of Destination.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 10.00AM at the office of DinasPerhubungan Lalu Lintas Angkutan Jalan of East Java Province)

At an early stage is studies and check the completeness of requirements where will determine the license of procurement by the business actor is approved or rejected. If the requirements are approved, the supplicants will go to the next step. The procurement of public transportation license, according to Mr. Tri Soerjo as the Head of Transportation Management of DinasPerhubungan LLAJ of East Java

Province should advance before providing the armadas. It was done to ensure that the route still possible to be held in addition.

“it should get the recommendation from DinasPerhubungan LLAJ of East Java Province when the business actor wants to proposed the procurement of public transportation in a route because it will passed so many requirements especially about technique requirement and toensure that the route still possible to be held in addition....” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 14, 2014, at 10.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

Figure 7 : Scheme of New License Serving and Expanding



Source :bukupintarangkutanjalan

A scheme above is about the flow of New License Serving and expanding. The scheme is overall of procurement of public transportation scheme both New License and expanding. The first stage is the supplicant proposes supplication to Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province.

After that, Dinas Perhubungan of East Java Province will survey about the route that passed. The survey is as explained in procurement to get license for AKDP by checking the possibility of quota of the route that passed by the supplicant and also checking the condition of the company. If the supplicant has not fulfilled the technical requirements, then the supplicant will be given a refusal by Dinas Perhubungan dan Lalu Lintas Angkutan Jalan Provinsi. On the contrary, if qualified the technical requirements, then Dinas Perhubungan dan Lalu Lintas Angkutan Jalan Provinsi will give an approval certificate.

The next step, the supplicant should attach permit letter aimed to the head of Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province and also Administrator of P2T, And completeness another requirement in the form of certificate of determining from Origin and Destination of Dinas Perhubungan / O – D of Dinas Perhubungan and also the completeness of administrative and technique requirements. And then, the license of procurement of public transportation (in the form of AKDP) will published at P2T of East Java Province.

At the last step is publishing the license of procurement of public transportation, list of vehicles, journey time, and also control card by Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province by including the completeness of administrative and technique requirements, certificate of determining from Origin and Destination of Dinas Perhubungan and also he should pay the retribution and Jasa Raharja.

For expanding of vehicles, just following the last stage based on the figure, by give the requirements to Dinas Perhubungan dan Lalu Lintas dan Angkutan Jalan of East Java Province including the completeness of administrative and technique requirements, certificate of determining from Origin and Destination of Dinas Perhubungan and also he should pay the retribution and Jasa Raharja to obtain the license of procurement of public transportation, list of vehicles, journey time, and also control card.

2. Indicates of Monopoly Practice in Public Transportation of Malang as Describe On Article 17 Act no 5 of 1999

a. Goods or Service Concerned Have Not Substitution yet

The cases happen on public transportation of Malang – Jombang which only one business actor, nothing substitution yet is the indication of monopoly practice according to Article 17 Act No 5 of 1999 about prohibition of monopoly practice and unfair business competition.

Based on interview presented by Mr. Cahyo Budi Santoso as coordinator of Terminal Tlogo Mas, public transportation of Malang – Jombang in the form of AKDP tipe of economy there is still one PO (business actor), as the explanation from the interview at Tuesday, April 15, 2014.

“admittedly, now still there is only one business on public transportation of Malang – Jombang.” (interview with coordinator of Terminal Tlogo Mas, at 09.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

About 2000 an, there are several PO (business actors) who serve public transportation of Malang – Jombang, that’s PO Hasti and PO Bagong but they stopped and resign because cannot compete with PO Puspa Indah. The competition is pure competition between three actors on the one market share as the explanation that explain by Mr. Cahyo :

“about 2000 an, PO Hasti and PO Bagong have license of procurement on public transportation of Malang – Jombang but they stopped and resign because they cannot compete with puspaindah. Here, the competition is pure competition.”(interview with coordinator of Terminal Tlogo Mas, at 09.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

In another place, Mr. Tri Soerjo as the Head of Transportation Management of DinasPerhubunganDanLaluLintasAngkutanJalan of East Java Province explain, at the previously there are other business have license of procurement on public transportation of Malang – Jombang, PO Hasti and PO Bagong, but until now, PO Hasti and PO Bagongcannot compete with PO Puspa Indah.

“yeah, long time ago there was PO Hasti and PO Bagong but now they are resign because of business competition that happen between them. This is pure of competition between PO Hasti, PO Bagong, and PO Puspa Indah.”(Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 05, 2014, at 11.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

He said that indication of monopoly practice happen on public transportation of Malang – Jombang is because of pure business competition between business actors.

DinasPerhubunganLaluLintasAngkutanJalan of East Java Province just give license of procurement of public transportation and about the competition is handed over by business actors as accordance with the constitution.

“actually there is no Monopoly on public transportation of Malang – Jombang, empirically, there is monopoly because just only one business control the route of public transportation, but actually that case is because of market competition, the competitor is resign by himself. DinasPehubungan of East Java Province has authority to give the license.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 05, 2014, at 11.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

b. Cause the Other Businesses Cannot Following Into the Same Goods or Service Competition

Every business actors are given equal right to do the procurement of license of public transportation of Malang – Jombang. In this case, PO Hasti and PO Bagong have been got the license from DinasPerhubungan

of East Java Province by fulfill the requirements, so do PO Puspa Indah but finally they stopped working.

According to Mr. Cahyo Budi Santoso, pubic transportation in the form of bus will not long last if the business actor is providing limited public transportation (buses) because it will very difficult to compete with other busines. For example, in the case of PO Hasti that constraint on the limited number of bus fleets which to operate. POhasti only provides 4 armadas will be operated on that route, in fact that each bus is not in well condition:

“.....if the public transportation in the form of buses is limited, it will very difficult to compete with other business. The minimum number of buses cause to lose compete with other PO which more provide many vehacles (buses), for example to pohasti, at that time there only four vehicles, whereas for each buses not always in condition of being prime, and also when the bus should test intervals.”(interview with coordinator of Terminal Tlogo Mas, at 09.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

When the quota of the route is still possible, business actors could propose the license of procurement. It means that the business actors proposed the procurement of public transportation on a route at DinasPerhubunganLaluLintasAngkutanJalan of East Java Province.

“if the quota is still possible, of course the business actor can propose the procurement of license of public transportation of Malang – Jombang at DinasPerhubunganLaluLintasAngkutanJalan of East Java Province by fulfill tha requirements.” (interview with coordinator of Terminal Tlogo Mas, at 10.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

Added by mrcahyo that the presence of the possibility for the addition of new license if there is a business actor that will propose the procurement of Malang - Jombang if see of the existing conditions now, but it was for the moment there are no companies who want to propose the procurement of license for that transportation routes. This is in accordance with the information explained by mrcahyo :

“I think the quota of that route (Malang – Jombang) is still possible but for now, there has not been there is a company that interested in...”(interview with coordinator of Terminal Tlogo Mas, at 10.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

The same statement also explained by Mr. Tri Soerjo as the head of transportation of Management of DinasPerhubunganDanLaluLintas of East Java Province that the procurement of public transportation on the route of Malang – Jombang is depend on the survey that done by DinasPerhubunganDanLaluLintas of East Java Province about the user of public transportation. When the quota on that route is still enough, the procurement or expanding is not necessary. When the quota on that route is still possible, then the business actors who want to proposed can directly proposed their procurement of license to DinasPerhubunganDanLaluLintasAngkutanJalan by fulfill the requirements.

“the expanding and the procurement of public transportation of Malang – Jombang is depend on the survey that done by DinasPerhubunganDanLaluLintas of East Java Province about the user of public transportation. When the quota on that route is still

possible, then the business actors who want to proposed can directly proposed their procurement of license to DinasPerhubunganLaluLintasAngkutanJalan by fulfill the requirements.” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 05, 2014, at 11.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

Mr. TriSoerjo also explain that DinasPerhubunganLaluLintas of East Java Province is impossible to having corporate with business actors relate with providing the procurement or expanding of public transportation, However, if a route has a void hours of departure, then the departure hour of emptiness can be offered to the business actors based on the recommendations of the Dishub City/Regency.

“to corporate with an autobus business that is impossible, however when there are vacancies at the departures in a route can be offered on the recommendation of DinasPerhubungan of City/Regency...” (Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Wednesday, May 14, 2014, at 09.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

c. A Business Actor or Business Group Control More Than 50% (Fifty Percent) of a Particular Type of Goods or Service in the Market

In the case occurring on public transportation of Malang – Jombang which PO Puspa Indah control more than 50% market share even it is said control fully of the market share of a particular type of service of public transportation of Malang – Jombang. The control of the

market segment is actually pure due to the impact of market competition naturally. It is a has been described in an explanation before, which is PO Hasti and PO Bagong less able to compete with PO Puspa Indah.

However, it does not the possibility for PO Hasti and PO Bagong to renew their license of procurement of public transportation of Malang – Jombang because untuil now, their license is still able to use.

“actually they are still able to operate if they renew their license of procurement of public transportation because their license are still able to use.” (interview with coordinator of Terminal Tlogo Mas, at 08.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

He added that PO should have a bus reserve, which in order the buses can expelled at any time when other buses having the problem.

“better if having a reserve of bus for POas a substitute for if while the required time.” (interview with coordinator of Terminal Tlogo Mas, at 09.00AM, April 15, 2014 at Terminal Tlogo Mas of Malang City)

Mr. Tri Soerjo added that PO which still effective its operation license can renew as examples of the pohasti.If the buses are not serve passengers and there shall be warning letter or if absent-note the supervision is not extended or not update the license for about 3 x 6 month then the company is considered resign/stopped.

“If the business owning the bus is not serving, for about 3 x 6 months is the maximal time when the business is not renew their license, more than 3 x 6 month, the business is considered resign.”(Interview with the Head of Transportation Management of DinasPerhubungan dan LLAJ of East Java Province, Monday, May 05, 2014, at 08.00AM at the office of

DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

This natural mastery often causes bad the aspect of services provided, therefore according to mr. Tri Soerjo, users of the public transportation services may submit complain in terminal of the origin and destination due to establishment of regulation, since regional autonomy supervision handed over by DinasPerhubungan of Origin / Destination including administrative district or good completeness or worthy of the road and the service.

“the society who feel unsatisfied with the service given directly complain to the terminal because actually it will include into administrative pinalty because since regional autonomy, supervision is handed over to the city / regency.”(Interview with the Head of Transportation Management of DinasPerhubungan LLAJ of East Java Province, Monday, May 05, 2014, at 08.00AM at the office of DinasPerhubunganLaluLintasAngkutanJalan of East Java Province)

In the letter given by the directorate general of land transportation on the transportation ministry, jakarta that itwas report regarding the realization of the conveyance of passengers in terminal on april 15, 2014, mention that the head of the department of transportation district for collecting data terminal, and supervision of operational performance which includes the activity:

- a. The statistic activity

1. The recording of the number of vehicles and passengers who arrive and depart;
 2. Arrival and departure time recording every public motor vehicle;
 3. Recording of the number of violations;
 4. And Recording of the load factor.
- b. Controlling the terminal operational
1. Checkings toward the completeness of administrative vehicles;
 2. Physical examination of a motor vehicle common;
 3. Examination of the crew of a motor vehicle common;
 4. Supervision of the terminal.

Then, DinasPerhubunganof City/Regency report the statistic activity and supervision of terminal every month based on the kinds of the route to the Head of DinasPerhubungandanLaluLintasAngkutanJalan of East Java Province for AKDP.

3. Data Analysis

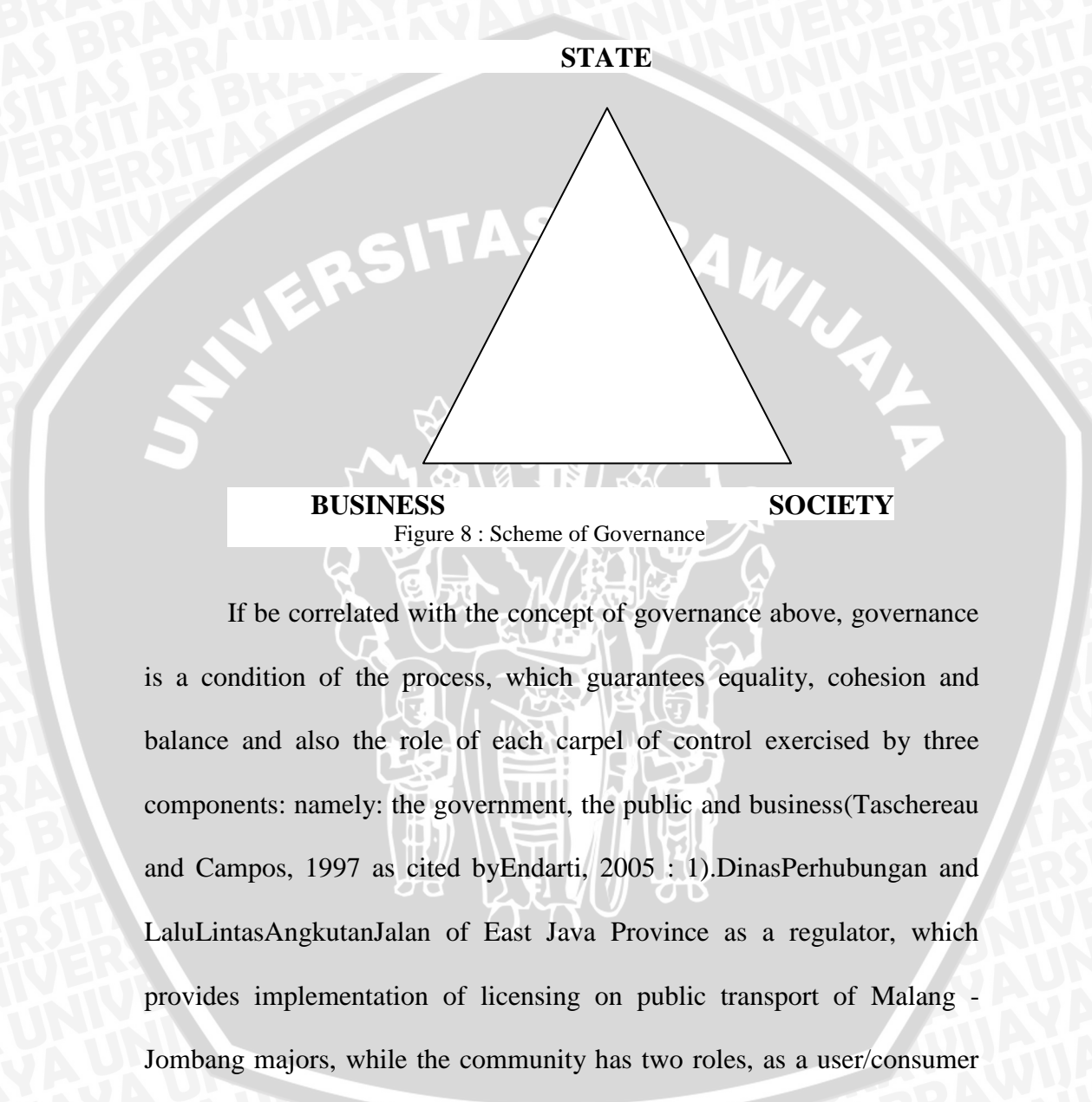
1. Procurement of Public Transportation

The authority of license procurement of public transportation in the form of AKDP in East Java Province is DinasPerhubungan of East Java Province on behalf of Governor, where to convene on the recommendation

from DinasPerhubungan of Origin / Destination. The regulation is as the guidelines of license procurement for business actors who conduct the license procurement of AKDP and every business actors should fulfill the requirements and conduct the procedure as accordance with the regulation made by the government. According toPrasetyia (2012: 5) said that :

“the Government as agencies to resolve the social problem in the political arena through a decision. After the Government makes a decision, then it should be enforced. Here there is the concept of public authority which refers to “a power” which is used to carry out a decision. If an individual violates the rules, then theGovernment might put him in jail. At any rate, the Government is the only body with the authority to do so. Furthermore theGovernment has the authority to ask every individual to abide by the law, such as paying taxes.”

But DinasPerhubungan and LaluLintasAngkutanJalan of East Java Province is not as a supplier of transportation but only as a regulator. It was because until now in the east java still has not been the Ragional Enterprise in the fields of transportation and postel. So, here the government has limited in delivering public transportation so they need the interference of the private sector and other sectors, society itself to provide public transportation for the society.



If be correlated with the concept of governance above, governance is a condition of the process, which guarantees equality, cohesion and balance and also the role of each carpel of control exercised by three components: namely: the government, the public and business(Taschereau and Campos, 1997 as cited byEndarti, 2005 : 1).DinasPerhubungan and LaluLintasAngkutanJalan of East Java Province as a regulator, which provides implementation of licensing on public transport of Malang - Jombang majors, while the community has two roles, as a user/consumer of the service provided, and on the other hand as a provider of service.According to Barton (2000) as cited byPrasetyia (2012: 12)there are several roles of the Government :

1. In the role of allocation of resources covered about the determination of the absolute and relative size of government in the economy (a balance between public sector and the private sector) and the provision of public goods as well as social welfare services to the community.

2. The role of a regulator. This includes laws and of order that the community needed including an act which regulates the business world that is adequate to facilitate business activity and the rights of private ownership.

3. The role of social welfare. Includes the policies encourages the equalization of social affairs in such as taxation, the state concerned social security (transfer payment) and the provision of public goods like a number of a mixture of society.

4. The role that facilitates manages macro economic stability in general and prosperity of the whole economy through the policies designed to boost economic growth of a stable, full employment, inflation is low, and the stability of the balance of payments.

In this case, the government is not as the only actor of offender development, it is need of the role of private and society, but here the role of a government can not be blotted out, as the idea that explained by Prasetyia (2012: 10) :

“.....It is characterized by the presence of the great depression due to market mechanism that does not run as it should be, which is ultimately the government is expected to play a role in the economy. In other words, the role of the government is still needed.”

The concept of governance have to focus on the development of the synergy between the government, the business community, and civil society based on the capacity to build consensus, cooperation and relations which are based on an equality (Pratiknoas cited by Endarti,

2005:1). DinasPerhubungan dan Lalu Lintas Angkutan Jalan of East Java Province As a regulator either in the field of license procurement of public transportation as well as in the field of supervision to the private sector as public transportation service provider in the region to create a service cooperation in terms of public transportation services to the public as a guarantee to protect the society as public transportation users. According to Hardiyansyah (2011:11) there are important elements in public service :

- a. Service providers are government / local government / private sector
- b. Individual, community or organization with an interest whose require the service.
- c. Customer satisfaction of service recipients.

2. Indicates of Monopoly Practice on Public Transportation of Malang – Jombang as Described on Article 17 Act No 5 of 1999

- a. Goods or service concerned have not substitution yet
- b. Cause the other businesses cannot following into the same goods or service competition
- c. A Business actor or business group control more than 50% (fifty percent) of a particular type of goods or service in the market.

By looking at the situation and the condition of being occurring at public transportation of Malang - Jombang, which is there are some indications that leads to the monopoly practice in accordance with Article 17 Act No 5 of 1999 about prohibition of monopoly practice

and unfair business competition that is, there is only one PO who controls more than 50 % of the market segment in the field of public transport services. The presence of a mismatch between formularization and its implementations called gap implementation, as explained by Dunsir as cited by Wahab (2005: 61) :

called as the gap implementation. It is a situation where the policy process is always open to the possibility of differences in the expected (planned) by policy makers to what in fact achieved (as a achievement of policy implementation).

Sometimes in implementation is not run in accordance with the formulations policy like what happened in an indication of monopoly practice on public transportation of Malang - jombang. Factor of a provider agent who seized control of the market segment is the presence of an indication of a monopoly happens naturally and outside the supervision of Dinas Perhubungan dan Lalu Lintas Angkutan Jalan of East Java Province because they submit the business competition fully between actors of transportation service provider in the market. It is need to convention of a supporting policy or existence of refinement of technical study that allows the implementation of Article 17 Act No 5 / 1999 can run in accordance with the purpose of that regulation and minimize the possibility of monopoly practice by one service provider. Sunarko (2005: 185) proposed his opinion that policy implementation may fail caused by some of the basic thing, among others:

- 1). The basic theory of that policy is unsuitable.
- 2). Selected target for implementation is not appropriate.
- 3). The target may less used properly.
- 4). The contents of the policy are vague.
- 5). The uncertainty of internal and external factors.
- 6). Holey policy.
- 7). Less attention to technical.
- 8). Lack of the availability of subsidiary sources (time, money, human resources).

Formulation and implementation of policies often runs linear for during the process of the implementation of taking place not preclude the possibility of frequent change the state of being failed to anticipated by policy makers. A policy is succeed if the process of the implementation of the policy can transform the purpose and objective into a result or the performance of policy. Hence any policy requires an evaluation, where evaluation process this can be conducted by the chief executive vertical synchronization, horizontally by the institute of public supervisory institutions, or externally by mass media, the academic and public figures, and society itself especially who become the target of policy (Dunn, 1999: 24).

Based on things that cause a failure on policy implementation, it can be concluded that since the establishment of the policy is not always caused by inability of policy maker, but may be caused by less appropriate of policy formulation and sometimes a policy need to get the supporting policy to improve policy that was already there. Here is the important role played by implementing policies and should be able

to take steps to hold a reformulation so that the policy be able to achieve the goals. Especially in this case, it is need to hold reformulation of policy related to the license public transportation of Malang -Jombang to avoid monopoly practice done by provider so that it will not only one provider on a route, indeed, each requiring provider market competition that can both compete to provide qualified public transportation services for society and as towing area of public interest to use public transportation.



CHAPTER V

CONCLUSION AND SUGGESTION

A. CONCLUSION

Based on research result and explanation at the previous chapter, in this chapter will give conclusion. The conclusion is based on study about indication of monopoly practice on public transportation of Malang – Jombang, here the conclusion:

1. Procurement of Public Transportation (AKDP), include :
 - a. Requirements of public transportation (AKDP) procurement.
 - i. Administrative requirement include transport business license, capability statement, Photo copy of STNK (Surat Tanda Nomor Kendaraan) and STUK (Surat Tanda Uji Kendaraan), Pool/Bengkel, Certificate of business condition, certificate of business commitment.
 - ii. Technique requirement include the route still possible, priority to the good condition of companies.
 - iii. Additional
 - b. Procedure to get license.

The suppliant gives administrative requirement and passed technique requirement to the Head of Dinas Perhubungan dan

LLAJ East Java Province include some other requirements, that are :

1. Business license
2. Forge
3. The capacity of terminal
4. Journey time
5. Socio condition

Those requirements have to be accompanied by the requirements that obtained from Dinas Perhubungan of domicile, include :

1. Business license
2. Forge
3. The capacity of terminal
4. Journey time
5. Socio condition

After that, the license will published at P2T (Perizinan Pelayanan Terpadu) East Java Province. Dinas Perhubungan dan LLAJ of East Java Province will give note to the P2T.

c. The mechanism to get license at P2T (Pelayanan Perizinan Terpadu)

There are three steps at P2T, the first step is checking the files completeness of supplicants. In this step, it will determine the supplication, allowed or rejected. Checking the files completeness of supplicants should attach the certificate of determining from Origin and Destination of Dinas Perhubungan, administrative and technique requirements and also checking the journey time.

At the next step is continuation of the first step. Allowed supplicant gives note from Dinas Perhubungan dan LLAJ of East Java Province to the P2T.

The last step is finishing process and publishing the license from P2T.

Process of New License Serving and Expanding

The supplicant asks recommendation to Dinas Perhubungan dan LLAJ of East Java Province in order to determine the quota of route and assessed technically. After the supplicant passed technique requirements, he should attach permit letter aimed to the head of Dinas Perhubungan dan LLAJ of East Java Province and also Administrator of P2T, And completeness another requirement in the form of certificate of determining

from Origin and Destination of Dinas Perhubungan, the completeness of administrative and technique requirements. After that, P2T will published the license of suplicant. The suplicant will get license from P2T and also list of transportation, journey time, and control card by including the completeness of administrative and technique requirements, certificate of determining from Origin and Destination of Dinas Perhubungan and also he should pay the retribution and Jasa Raharja.

2. Indicates on Monopoly practice in public transportation of Malang – Jombang as described in Article 17 Act No 5 of 1999.

a. Goods or services concerned have not substitution yet

The first indication of monopoly practice is goods or services concerned have not substitution yet. Until now, there is only one business actor that operates on public transportation of Malang – Jombang, PO Puspa Indah and has not substitution yet. However in 2000, there are several business actors/private who get license to operate on the same route, PO Hasti and PO Bagong, but they stopped and resign because cannot compete with PO Puspa Indah who provides many buses.

- b. Cause the other businesses cannot following into the same goods or service competition

Business actors/private sector given freedom to get license to operate on public transportation of Malang – Jombang but they should pass the requirement and mechanism of procurement of public transportation.

- c. Business actor or business group control more than 50% (fifty percent) of the market a particular type of goods or service

PO Hasti and PO Bagong cannot compete with PO Puspa Indah, one of the factor is because of they just provide limit buses to operate, while PO Puspa Indah provides many buses. So it makes PO Puspa Indah controls more than 50% of the market a particular type of public transportation service on Malang – Jombang.

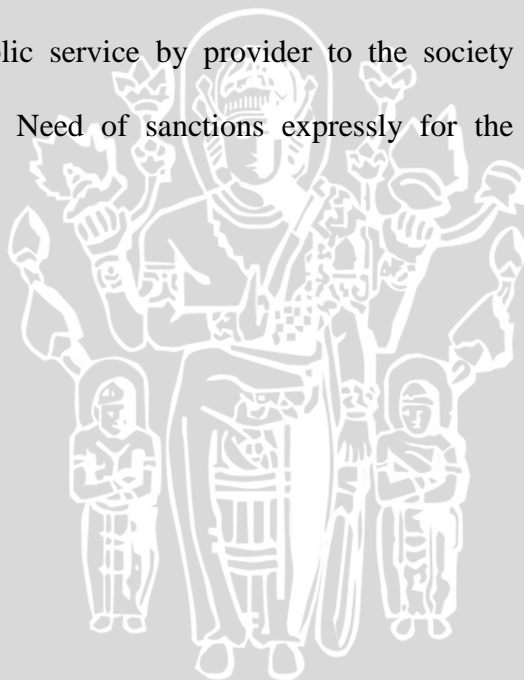
B. SUGGESTION

Based on the data explain above, the researcher can give the suggestion that expected able to be input for Dinas Perhubungan dan LLAJ of East Java Province, several suggestion, Some suggestions argued by researcher as follows :

1. Maximum limits for the addition of buses for the PO so it is possible for others to be able to operate on the same routes, it aims to prevent monopoly practice because a business actor needs competitor to create

competitiveness in a competition especially in improving the quality of public service for society and the journey schedule (timeable) can be done according to the time schedule published by Dinas Perhubungan dan LLAJ of East Java Province.

2. Indication of monopoly practice happen on public transportation of Malang – Jombang is because of naturally monopoly as the impact of competition from three business actors in a pure competition, but policy maker should taking attention to the controlling aspect. It correlates with providing public service by provider to the society as user of public transportation. Need of sanctions expressly for the crew of commits iniquity.



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