

## **ANALYSIS OF LOCAL GOVERNMENT CAPACITY BUILDING NETWORK IN EMPOWERING STREET VENDORS POLICY IMPLEMENTATION IN MAKASSAR CITY, INDONESIA**

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### **ABSTRACT**

The aim of study is to verify model of organizational capacity building network in implementation of street vendors empowerment policy in Makassar City, which include: (1) integrated human resources development in implementation of street vendors empowerment policy; (2) integrated organizational strengthening in implementation of street vendors empowerment policy; and (3) integrated institutional reform in implementation of street vendors empowerment policy in Makassar City. This research was conducted in Makassar City. The research method used is a qualitative and case study research strategy. Data collection techniques used is in-depth interviews, observation, and documentation. Data analysis used is a case study explanative analysis, which is based on a theoretical proposition. The results of study indicated that integrated human resource development in implementation of street vendors empowerment policy in Makassar City was never carried out by LPM in Makassar City (Lembaga Pemberdayaan Masyarakat or Community Empowerment Institution), because cadre training, incentives, working conditions, and recruitment was not conducted according empowerment mechanism. Similarly, integrated organizational strengthening of LPM in Makassar City was not occurred, because incentives system, mechanisms and system of employees utilization, leadership, and organizational culture was not clear, unless the management structure. The same thing, LPM as a network-based organization that works resemble bureaucratic system, was resulting in resistance to the changes that occurred.

**Keywords:** Inter-Organizational Networks, Capacity Building, Integrated Capacity, Building, Street Vendors, and Empowerment Policy Implementation

### **INTRODUCTION**

In a network approach, organizations work together to achieve the goal will be more effective than the organization itself (Jones, 2004; Sydow, 2002; Jaffee, 2001). This shows the importance of an organization to build a network to achieve common goals, because the organization itself has limited resources to address the complex issues (Pennan, 2005; Robert, 2000) and to implement its programs. This approach can also increase the legitimacy of the organization (Scott, 2001: 26), including capacity building so that the organization can improve its performance in achieving its intended purpose. Capacity building is more focused on the inability of organizations including the inability of the officials running the responsibilities and the organization's inability to carry out the function properly (Grindle, 1997: 11).

This study combines the two concepts above into a concept of capacity building network. Capacity building network is a integrated effort to increase the organization capacity with resources sharing by the stakeholders. Utilization of resources sharing will be more effective and efficient than utilizing resources independently in implementing various government programs.

Study of local government capacity building networks is the development or continuation of research results that carried out by Alwi and Suratman (2013), which aims to reveal the perceptions and expectations of stakeholders relating to the empowerment of cocoa farmers, and identify government policies and its implementation relating to them. In addition, the study is also based on two studies related to capacity building, namely: research Ferkesi (2012) and Tawai (2013). Later, two studies related to the network approaches, namely: Gita Susanti (2012) and Rahmanur (2012). The fifth studies mentioned above have not carried out a study on aspects of organizational capacity building network, so that the authors is more focused on that aspects.

Based on the above, the study was focused on capacity building network of local government in implementation of street vendors empowerment policy in Makassar City, because they who are engaged in small-scale enterprise and vulnerable to poverty. However, they are also one of the sources of the road traffic congestion that occurs in all the major cities in Indonesia, including the Metropolitan City of Makassar. The number of street vendors is increasing in City Makassar. In the year 2007 the number of street vendors amount 10,426. In the year 2008 amounted to 11 328 street vendors, and street vendors in 2013 to 14,000 in Makassar City (Disperindag, 2013).

Based on the above phenomenon, the authors will verify the network model of organizational capacity building to implement the empowerment policy of street vendors in Makassar City. This model is a combination of Grindel Model of organizational capacity building and inter-organizational network theory. Merging these two theories into a theory of organizational capacity building network, including the development of integrated human resource, integrated organizational strengthening, and integrated institutional reform.

## **LITERATUR REVIEW**

### **Inter-Organizational Network Concept**

In the globalization era an organization no longer stands alone in the paced competitive environment. In this case, the organizations are always cooperating with other organizations to obtain important resources it needed to keep them survive. Therefore, organizations need to effectively manage these relationships through inter-organizational networks. Theoretically, organizational relationships that form a network between organizations are a phenomenon advanced the agenda of organizational theory (Leach et al 1994: 46).

Actually, the study of inter-organizational networks is the development of scientific management, as proposed by Seufert et al (no date: 2), "Taking a very wide perspective,

one could assume the work of Fayol in 1916 to be origin of research on network structures.” This is also confirmed by Sydow that,

“Inter-organizational relations...have always been a management concern. This is because via these relations both profit-making and non-profit organizations acquire know-how, material, services, personnel, capital and other resources they require for transforming input into output and marketing this output, thereby satisfying the interest of external and internal stakeholders.”

Therefore, to understand this concept comprehensively, the author describes the characteristics. From the results of the literature review on this subject, Hill (2002: 6) suggests the characteristics of inter-organizational networks, namely: (1) Oriented to higher purpose/common vision; (2) Activity affects the whole system (assumption); (3) Horizontal organization; (4) Voluntary participation; (5) Decentralized; (6) Member-controlled; (7) Self-regulating; (8) Collaborative; (9) Cognitive; (10) Involves a division of labor; (11) Autonomous members; and (12) Deliberative.

There are several theories on inter-organizational network perspective to explain the phenomenon of the issue from different perspective, as mentioned below.

### **Resource Dependency Theory**

Resource dependency theory is a theory, which states that the purpose of an organization is to reduce dependence on other organizations that control of resources in the environment and trying to find a way or strategy to obtain these resources. The resource dependence theory seeks to face the power of the environment by using proactive strategies to access the resources that exist in the environment (Jones, 2004; Jaffee, 2001; Powers, 2001; Beccerra, 1999; Gulati & Gargiulo, 1998).

### **Institutional theory**

Institutional theory is different from resource dependency theory as mentioned above. The institutional theory relies on the importance of values and norms within an organization in order to obtain essential resources needed to survive. In order to obtain the resources it needs, it will need to gain acceptability and legitimacy of its environment. Institutional theory in the face of their environment “intervene” by adjusting the internal organizational structure and strategy, and reinforces the values and norms in the organization.

### **Network theory**

Network theory focuses on objective pattern of ties linking members of society (individual and collective). One characteristic of the network theory is centering its attention on the micro to the macro structure. That is, network theory, actors can individuals, groups, companies, and communities. Relationships can occur at the level of broad-scale social structures as well as in a more microscopic level. This relationship is

based on the idea that each actor (individual or collective) has different access to valued resources (wealth, power, information) (Ritzer and Goodman, 2004: 382-383).

### Capacity Building Model

Capacity building, which forms the basis of this article is a Grindle model (1997). It is designed to improve organizational performance. The models of capacity building, namely: 1) human resource development; 2) organizational strengthening; and 3) institutional reform (Grindle, 1997: 9). The capacity building model can be seen in table 1 below.

**Table 1: Dimensions and Focus of Capacity-Building Initiatives**

Dimension	Focus	Types of Activities
<b>Human Resource Development</b>	Supply of professional and technical personnel	Training, salaries, condition of work, recruitment
<b>Organizational Strengthening</b>	Management system to improve performance of specific tasks and functions; microstructures	Incentive systems, utilization of personnel, leadership, organizational culture, communications, managerial structures
<b>Institutional Reform</b>	Institutions and systems; macrostructures	Rules of the game for economic and political regimes, policy and legal change, constitutional reform

Sumber: Grindle 1997: 9

Based on network theory and capacity building model above, the authors combine these two theories into a theory of organizational capacity building network. This theory is in addition to the improve performance of the organization as policy implementers also increase efficiency of resources utilization in the policy implementation.

### Organizational Capacity Building Network

Organizational capacity building network is a theoretical model derived from network theory and capacity building model by Grindle. Network theory aims to policy formulation and implementation and public services delivery efficiently and effectively through sharing resources. Capacity building model aims to improve organizational performance. Utilization of resources together can only be found on a network-based organization, making it more effective and efficient than the individual organization. Similarly, complex problems solving and public policy implementation and public services delivery that involve multi-stakeholder require organizational capacity building network. Street vendors problems are complex problems and the street vendors empowerment policy also involves many stakeholders so that organizational capacity

building network theory is better to explain the phenomenon. In this case, the organization requires ability or capacity to coordinate ability of the stakeholders in formulating and implementing street vendors empowerment policy.

This theory is able to explain complex phenomena in the capacity building and as well as a reference for network-based organizations in the development of capacity. It includes the component, such as: integrated human resources development, integrated organizational strengthening, and integrated institutional reform.

Integrated human resource development includes; training, increasing income (salaries), improved working conditions, and appropriate recruitment are integrated. Integrated organizational strengthening includes incentives system, utilization of personnel, leadership, organizational culture, communication, and manager structure are integrated. Integrated institutional reform includes institutional change and systems, and organizational macro-structure.

### **Street Vendor Empowerment Policy**

Empowerment policy is the government's effort gives power to those who have not or are not power. Empowerment is the expansion of assets and capabilities of poor people to participate in, negotiate with, influence, control, and hold accountable institutions that effect their lives (Narayan, 2002: 14). Empowerment means providing not only material facilities but also gives them the ability, authority, and power to them to control their lives.

Government efforts in this regard can be seen in the Makassar City Regulation No. 41 Year 2001 on Guidelines for Establishment of Community Empowerment Institution (LPM) as a frame of reference for forming management of LPM at Village level. This institution is implementers of street vendors empowerment policy at a lower level. LPM is a social institution that is located in the village that grew out of, by, and for the people. It has function as a partner village's government in carrying out the various activities that integrate government initiatives and mutual aid activities.

## **METHODOLOGY**

### **Research Location**

This study located in Makassar City with consideration that it has a lot of street vendors in comparison with other cities in South Sulawesi Province. Street vendors are also a serious problem, because they can cause chaos and congestion of city traffic. The number of street vendors about 14,000 peoples in 2013 (Disperindag, 2013).

### **Research Design and Strategy**

The research design is a qualitative and the strategy is case study. The use of this design is to uncover the empowerment of vendors based on context. In the case study, there are

three types of research, namely type of explorative, descriptive, and explanative (Yin, 2000). This research strategy uses explanative research type.

### **Informants**

Informants in the study were determined purposively, i.e they are deemed have competence in relation to the implementation of the street vendors empowerment policy in Makassar. Such determinations are based on the judgment of experts (or the researchers themselves) for a specific purpose or specific situations (Neuman, 1997). The informants in this study were: (1) the Mayor of Makassar City; (2) Community Empowerment Institution (LPM); (3) Street Vendors Arrangement and Empowerment Coordination Team; (4) Head of Trade Department of Makassar City; (5) Head of Community Empowerment of Makassar City; (6) Street Vendors in Makassar City; (7) NGOs relating street vendors; and (8) The community leaders in Makassar City.

### **Data Collection Techniques**

Data collection techniques used in this study are observation, in-depth interviews, and documents. Observations were made primarily related to the tangible object, such as the condition of the place and goods sold by street vendors. Depth interviews were conducted in the informants mentioned above, while documentation technique is collecting documents such regulations, journals, and research results related to this study.

### **Data Processing and Analysis Techniques**

In qualitative research data processing and analysis is an integral activity. It can be seen on the stages of qualitative data analysis proposed by Miles and Huberman (1992), namely: data reduction, data display and conclusion drawing / verification. This study uses a case study analysis strategy, in which the analysis used is explanative technique.

## **RESULTS**

Based on the description in the previous chapter, this study focuses on integrated local governments capacity building in the implementation of vendors street empowerment policy in Makassar City. Model of integrated local governments capacity building include the following.

### **Integrated Human Resource Development in Implementation of Street Vendors Empowerment Policy In Makassar City**

Integrated human resource development is activities of network-based organization that focused on its members. This can be seen in Table 2 below.

**Table 2: Description of Integrated Human Resource Development in Implementation of Street Vendors Empowerment Policy in Makassar City**

Sub District	Training	Incentives	Work Condition	Recruitment
Ujung Pandang	Yes: Customer services	Yes	Non Conducive	Citizens representative
Makassar	No	Yes	Non Conducive	Citizens representative
Bontoala	No	Yes	Non Conducive	Citizens representative

Source: Data Reduction, 2014

Based on Table 2 above, only LPM management in Sub District Ujung Pandang who had received training on friendly customer service by KFC management in Makassar City, while the others Sub District never. All LPM management does not get an incentive from government, except the chairman. The same thing all of the LPM in Makassar have working conditions that are not conducive because it does not have its own office. LPM cadres recruited by representatives of each community leaders in neighborhoods (RW).

### **Integrated Organizational Strengthening in Implementation of Street Vendors Empowerment Policy in Makassar City**

Integrated organizational strengthening is one of the important components in integrated organizational capacity building. Strengthening LPM in Makassar City can be seen in Table 3 below.

**Table 3: Description of Integrated Organizational Strengthening in Implementation of Street Vendors Empowerment Policy in Makassar City**

Sub District	Incentive System	Mechanism and System of Employee Utilization	Leadership	Organizational Culture	Communication	Management Structure
Ujung Pandang	No	No	No	No	No	Yes
Makassar	No	No	No	No	No	Yes
Bontoala	No	No	No	No	No	Yes

Source: Data Reduction, 2014

Based on Table 3 above, only management structure of LPM in Makassar is clear, while the others is not clear.

### **Integrated Institutional Reform in Implementation of Street Vendors Empowerment Policy in Makassar City**

Another important component in integrated organizational capacity building is integrated institutional reform. It becomes important in this case because it affects performance of the organization in carrying out its duties. It can push an organization to improve its performance so that responsive to the external environment. This can be shown in table 4 below.

Table 4: Description of Institutional Reform in Implementation of Street Vendors Empowerment Policy in Makassar City

<b>Sub District</b>	<b>Policy that Support Street Vendors Empowerment</b>	<b>Organizational System for Policy Implementation</b>
Ujung Pandang	Mayor Regulation No. 80 Year 2013	Mayor Regulation No. 1 Year 2013
Makassar	Local Regulation No.41 Year 2001	Mayor Regulation No. 1 Year 2013
Bontoala	Local Regulation No.41 Year 2001	Mayor Regulation No. 1 Year 2013

Source: Data Reduction, 2014

Based on Table 4 above, Ujung Pandang Sub District has own authority in managing street vendors, namely Regulation No. Makassar. 80 in 2013, while the LPM in other sub districts based on Local Regulation No. 41 about Guidelines for the Establishment of LPM in Makassar City. All LPM run revolving fund programs to street vendors based on Mayor Regulation No. 1 Year 2013.

## **DISCUSSION**

### **Integrated Human Resource Development in Implementation of Street Vendors Empowerment Policy in Makassar City**

LPM in Makassar City as a network-based organization carrying out street vendors empowerment in Makassar City apparently has not been training its cadres and street vendors about community empowerment, whereas LPM as a community empowerment institution that all cadres should have experience and expertise in this field. The same thing incentives as a motivator for the cadres are very limited, only head of LPM and debt collectors get incentive from revolving fund program, which the program focused on a small grocery merchant including street vendors. It is no less important as the incentive is working conditions, which the working conditions are not conducive, because the LPM does not have an office as a workplace and the government of Makassar City has not attempt to build him. Another component of this concept is the recruitment, LPM was also not recruited a cadre of street vendors who have empowerment experience. All members of the LPM are representative citizens who did not have experience of



empowerment street vendors. Based on Table 2 above, the LPM did not devise programs of human resource development and carried out them by integrated manner. This happens because the LPM members do not have experience about it. As a network-based organization, it should members concern to community empowerment as the characteristics of network-based organization. All members or cadres of LPM in Makassar City just a bunch of public figures are not a set of experts of empowerment street vendors that can help the government to solve the various problems relating street vendors empowerment.

### **Integrated Organizational Strengthening in Implementation of Street Vendors Empowerment Policy in Makassar City**

Integrated organizational strengthening of LPM in Makassar City did not happen, because the system of incentives, mechanisms and system utilization, leadership, and organizational culture is not clear, unless the management structure. The main cause of this is LPM did not have an office as a place to discuss and plan for empowerment program of street vendors. Similarly, determination mechanism of LPM members based on bureaucratic mechanism that has always been a reference to the rules that established by the government/ local government. Mechanism refers to the any representation neighborhoods (RW), so that the cadres of LPM are not the ones who have the capacity of community empowerment. They role community leaders only, but they did not know anything about it. LPM as a network organization, but in reality it resembles a bureaucratic organization, so that the system and culture that used is the bureaucratic work system and culture that oriented boss and rules. Such a system puts the leaders as a source of information and instruction, so the organization will carry out the leaders instructions only, not execute organizational program.

### **Integrated Institutional Reform in Implementation of Street Vendors Empowerment Policy in Makassar City**

LPM as a network-based organization, which works system resembles bureaucratic systems, so that occurred resistance to the changes. It can be seen that at the time of Makassar City change a vision to become “Makassar as World City”, LPM still as bureaucratic structures that have not able to adapt to such changes. He just became the symbol of the empowerment of communities in the region, because it has not programs designed to empower street vendors in Makassar City.

This happens because the LPM born out of government formation to empower people including street vendors. It was not created from the strong desire of the local community leaders. Based on the experience of community development leaders in the world, among them is Muhammad Yunus (2007), community development organizations were born from the collective consciousness of the members of the organization and the community will be empowered. That is, there is no policy of empowerment that occurs from the Top Down, because such a policy would not bring forth awareness to the community. LPM in Makassar was born from the Top Down approach. It can be shown on a revolving fund programs for the poor that is issued by the Government of Makassar. The program does

not raise awareness of street vendors to do not perform economic activities in places that are prohibited by governments and places that tie up traffic.

## CONCLUSION

LPM capacity building as a network-based organization has not been done effectively, so that implementation of the street vendors empowerment policy in Makassar City has not been realized. This occurs because the integrated human resource development, integrated organizational strengthening, and integrated institutional reform was not carried out as the characteristics of network-based organization. LPM was formed and carried out of policy empowerment still using bureaucratic system, in which the system is not able to empower the community in general.

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