

ISSN 2686-6684 | Vol.01 No.01 2018  
e-ISSN 2686-6390

# INTERNATIONAL JOURNAL OF ENGINEERING & BUILT ENVIRONMENT (IJEBE)

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Faculty of  
Engineering

IJEBE

**SHOPPING CENTER IMPACT STUDY:  
SOCIO-ECONOMIC POINT OF VIEW  
CASE STUDY: LIPPO PURI MALL, WEST JAKARTA, INDONESIA**

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**Abstract**

Shopping center has been spread out over Jakarta for the past 25 years, though Shopping Center moratorium had been published since 2014. A shopping center, especially the one with regional and super-regional scale which more than 100.000 sqm GFA, is indeed has a massive impact to the city especially the surroundings. This paper is trying to identify the economy impact from the existance of a shopping center, Lippo Puri Mall as the case study. Lippo Puri Mall is the second developed shopping center in Puri area, where there is already another shopping center with the same scale built in 1997. In order to enhance the goals, this paper is done by using both qualitative and quantitative methods. From the analysis, it can be seen that there are economic impacts from the existence of Lippo Puri Mall to its surroundings, which are the absorption of workforce from local residents, rental house or rental room growth, absorption of formal and informal business opportunities, as well as the increasing of local household economic income. As an indirect impact, the absorption of workforce is not significant, however the multiplier effect that is obtained by the local residents is exquisite. Many houses have been developed into a local restaurant, rental room or house, and rental land for vehicle parking space. In conclusion from the paper is a shopping center development could cause good impact for its surrounding, especially for economic growth that hopefully will strengthen the local resident's buying power.

**Keywords:** shopping center, socio-economic impact, multiplier effect, employee

## 1. INTRODUCTION

For the past 25 years, shopping center has been overpopulated in Jakarta, with total over than 2.7 mio of rentable area (in 2016) and over than 1 mio of rentable area (in the future)<sup>1</sup>. Although at the end of 2011 the government decided to make a moratorium for shopping center permit larger than 5,000 sqm of Gross Floor Area (GFA), but it seems many permit has been accomplished by the developer before the moratorium applied and built it in the later future. Some other interesting thing about shopping center is that agglomeration theory seems to applied on them, which is proven by forming shopping center clusters<sup>2</sup> and not only regional scale but also super regional.

The appearance of big scale shopping center will surely affect its surrounding, hence social and economic impact analysis is compulsory for the opening of a new shopping center that is stated in the Trade Ministerial Regulation Number 70/2013. What is more interesting is not only a big shopping center with regional or super regional scale, but a store located inside of the shopping center also oblige to the regulation. Social Impact Assessment (SIA) is now conceived as being the process of identifying and managing the social issues of project development, and includes the effective engagement of affected communities in participatory processes of identification, assessment and management of social impacts<sup>3</sup>. The goal of doing a social impact assessment is to comprehend a situation that will

probably occur because of something new, wheter positive or negative impact<sup>4</sup>.

Based on the regulation can be stated that the government actually aware that there are impacts that will occur in the surrounding of a new big development, such as shopping center. Based on Urban Land Institute on Shopping Center Development Handbook (1999) shopping center is defined as "...shopping centre is a group of architecturally unified commercial establishments built on a site that is planned, developed, owned, and managed as an operating unit related by its location, size, and type of shops to the trade area that it serves.." meanwhile International Council of Shopping Center define shopping center as "a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, typically with on-site parking provided. The center's size and orientation are generally determined by the market characteristics of the trade area served by the center".

Based on Keng Neo (2005)<sup>5</sup> a regional shopping center will have GFA around 40,000 – 100,000 sqm while super regional shopping center will have GFA more than 100,000 sqm. Building with this size is absolutely must have an impact to the surrounding, can it be physically, socially, or economically. Lippo Puri Mall, the second developed shopping center in Puri Area, located in Puri, central of West Jakarta (Sentra Primer Barat)<sup>6</sup> is a super regional shopping center with total GFA around 300,000 sqm. This paper is trying to analyze what cause will likely to occur

<sup>1</sup> Based on survey done by Urban Planning and Real Estate Department, 2016

<sup>2</sup> Spatial Transformation – cooperation, competitions, or canibalism; join workshop between Urban Planning and Real Estate Department, Universitas Tarumanagara, Jakarta and Department of Architecture, Universität Karlsruhe, Germany, 2006

<sup>3</sup> International Association for Impact Assessment, 2015

<sup>4</sup> Vanclay, International Principles for SIA, 2003

<sup>5</sup> Neo, Lynda Wee Keng, Tong Kok Wing, The 4Rs of Asian Shopping Center Management, Marshall Cavendish Academic, 2005

<sup>6</sup> Based on DKI Jakarta Spatial Plan 2010-2030

from the establishment of Lippo Puri Mall to the surrounding area, that will be measured by the occurrence of food stalls, local restaurants, rental house/rental room, and rental parking lots.

Therefore the real question is if the city is ready with the occurrence of a big scale development? We usually see things one sidedly, barely not see the other side, which is very rare to consider. If it is a development of a shopping center, we only see from the real estate or market or investment point of view, ended up forgetting that we have to prepare facilities for everyone that make this big shopping center exist and running as it is. That is the people. That is the workforce.

## 2. RESEARCH METHOD

This study will be done by both qualitative and quantitative approach methods, which data will be gathered with these following methods:

- a. Questionnaire was given to 30 workers in Lippo Puri Mall, which picked randomly. The goals of this questionnaire are to get brief information about the worker's profile and spending pattern. The distribution of the questionnaire was done in local restaurants or food stalls located around Lippo Puri Mall on the weekday and weekend.
- b. In depth interview to some local citizens who are doing business around Lippo Puri Mall (open a food stall or local restaurant, owner of rental houses or rental rooms, owner of the parking lots, etc.). For each type of business we tried to find 5 people to be interviewed.
- c. Conduct a primary survey in order to identify and map economic activities around Lippo Puri Mall.

Those data will be analyze using descriptive and comparison methods running by SPSS 17.0 and Microsoft Excel 2010.

## 3. RESULTS AND DISCUSSION

The writers tried to divide the discussion into 4 parts, which are physical characteristics (based on primary survey), socio-economic condition of local citizens (based on secondary data and interviewed process), workers' profile (based on questionnaire), and socio-economic impact.

### 3.1. Physical Characteristics

Puri Indah or Puri Area is a well established residential area which is intended for upper middle class. It was a residential area with one regional shopping center (Puri Indah Mall) and could accessed only from Jl. Kembangan Baru. Outer Ring Road that crosses Puri Indah Area unfold business possibilities and commercial started to flourish once more, particularly on the side lines of Outer Ring Road. When Lippo Group started to penetrate Puri market with their megascale project known as St. Morritz Development (a superblock development which claimed to have 11 in-one functions, one of them is Lippo Mall Puri), the area become much more crowded and perhaps Puri as CBD in West Jakarta is not a gimmick anymore.

Figure 1. Existing Land Use in Lippo Puri Mall Area

Source: Primary Field Survey, 2016

As mentioned in the introduction, Lippo Mall Puri is a super shopping center with more sqm of GFA, consists of 5 spaces and located in the center Jakarta CBD. From the residential is a dominant function area, and followed by Commercial around is dominated shopping center (regional shopping stand alone retail, neighborhood center), showroom, and (restaurant, furniture shop, travel salon, etc.). Meanwhile residential area through vertical house with fairly diverse class is dominating the (apartment) started to rise (St. Merritz Apartment, The Windsor, Puri Garden Apartment, Puri Park View, The Nest and Wesling Kedoya Apartment). In accordance, international education facilities as the complement for residential area also found in Puri (IPEKA, Springfield, Tunas Muda, and Global Sevilla).

From a city point of view, the growth of commercial, city scale facilities, good quality apartments and residential area of course show a good sign of economical condition and signalling Puri to become CBD of West Jakarta. However, a good economic condition must be followed by a good quality of human power who support and ensure the sustainability of an establish living condition.

**3.2. Socio-Economic Condition**

Lippo Puri Mall administratively located in Kembangan District, West Jakarta. Within 1 Km radius from Lippo Puri Mall, there are 3 sub-districts: Kembangan Selatan, Kembangan Utara, and Meruya Utara. This table below will

show the demographic profile of the citizen in those district and 3 sub-districts.

Table 1. Number of Population Within 1 Km From

Lippo Puri Mall, 2015

No	regional Component	Kembangan	Kembangan	Meruya Utara S	Ke
1	Total Area (Ha)	365	361	433	
2	Number of Residents in the area	60.02	28.91	46.03	2
3	a. Man (person)	30.71	14.50	23.32	1
	b. Woman (person)	29.30	14.40	22.71	1
	center, Density (person/Ha)	164,4 (medium)	80,09 (low)	106,3 (low)	
4	Population bank, gr	2,29%	0,90%	0,34%	

2015

(low

Source: From the table above, the number of density shows that residential dominate the function within the area, however it was the data from 2015 while Lippo Mall Puri operated in the late of 2014. Another perspective, with approval given to Lippo Puri Mall, in return the government expected there are economic impacts to the society, such as new jobs availability, the utilization of local expertise and small medium enterprises. Based on Department of Population and Civil Registration, around 69,86% of the citizen in Kembangan District is in productive age, with more than 60% of the population are well educated (education level higher than high school), thus open the opportunity for local people to be hired. Employment absorption rate in West Jakarta also indicate that more than 80% of the manpower available are absorbed. With good quality and history of the employment in West Jakarta, the local government was hoping that local manpower also can absorbed well for Lippo Puri Mall, which consists of more than 50 tenants.

### 3.3. Worker's Profile

Based on the questionnaire, spread in surround food stall, there were 30 respondents who work in Lippo Puri Mall. The profile of the respondents mostly (57%) are women, mostly young age, which 73% between 21-25 years old meanwhile only 3% of the respondents who are above 30 years old. 93% of the respondents are working in fashion line. Meanwhile most of the respondents are quite well educated (87% are high school graduates) while the rest are higher than high school (diploma and bachelor). This condition is compatible with the minimum requirements of education level for workers in shopping mall.

The questionnaire also presented about the worker's area of residences. Where 63% of the respondents are from West Jakarta, 13% from North Jakarta and the rest are from Tangerang. However, this is in accordance with the Trade Ministerial Regulation which stated that most of the workers in a shopping center has come from the same area. The questionnaire also asked whether there is a change of residence before and after the workers work in Lippo Puri Mall and evidently they did not. Furthermore, it is known that monthly income of the workers mostly 3.5-4.5 million Rupiah (47%) and 42% are below 3.5 million Rupiah and the rest are between 4.5-5.5 million Rupiah.

Based on explanation above, it is discovered that so far a shopping center is giving a good impact economically to local residents.

### 3.4. Socio-Economic Impact

Socio-economic impact is measured by identify rental house or rental room growth, food stall and rental vacant land for motorcycle parking lot.

#### a. Rental House or Rental Room

A residence is an important facility that is needed for employees coming

from another city or living in a relatively far from the workplace. Besides that, Jakarta which is known as congestion city, cause people preferably stay in a place that is close to their workplace, hence in a place with high economical magnetism, appeared rental house or rental room (kost). Map below indicates the location of rental house or rental room near Lippo Puri Mall.

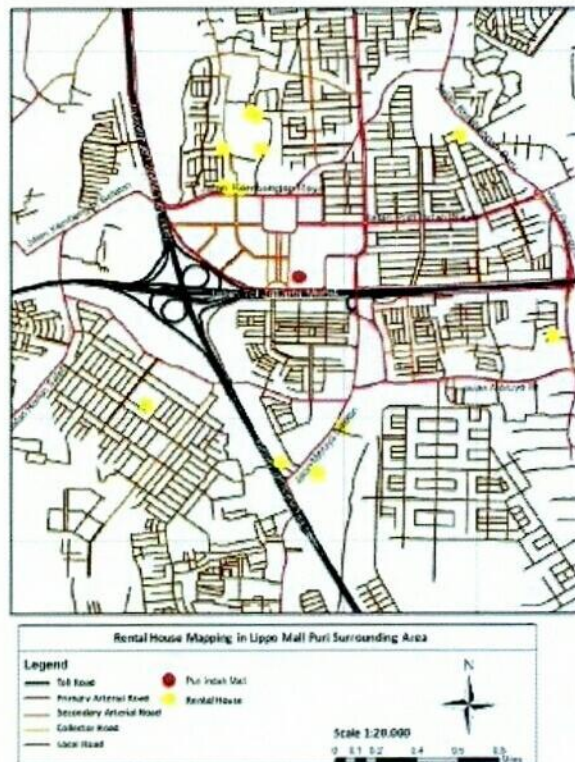


Figure 2. Distribution of Rental House and Rental Room Within 1 Km Radius from Lippo Puri Mall, 2016

Source: Primary Field Survey, 2016

From map above, can be seen the distribution of rental house or rental room around Lippo Puri Mall are distributed in an unorganized residential area. From questionnaire is known that only 10% of the respondents who were living in a rental house or rental room, while the 90% were

staying in their own house (or family owned).

good impact, which indicates the economic growth opportunities, since the food stall usually owned by local residents. However, when uncontrollable situation occur (such as

Table 2. Samples of Rental House or Rental Room Characteristic Within 1 Km Radius from Lippo

Puri Mall

Name of Rental Room or Rental House	Rental Room in Jalan Asem	Rental Room in Jalan Manunggal 40	Rental Room in Jl. Teknologi	Rental in appropriate House in Jl. H. Fort	Rental House in Jl. Kaya Kembangan	Rental House in Jl. Bugis Utama
Number of Floor	2	2	2	1	2	2
Number of Rooms	10	6	6	6	6	40
Room Size	3x2,5	3x3	3x4	10x3,5	3x4	7x3
Road Classification	Local	Local	Local	residential	Local	Local
Occupant Characteristic	Employee	Employee	Employee	Married Employee	Employee canteen	Married Employee
Monthly Rate (IDR)	650.000	750.000,-	1.200.000,- until 1.500.000	shopping 2.000 c	er.800.000	For information, 0.000.-

From figure and table above, can be seen that rental house or rental room are one of the cause that arise because of a shopping center development. As for the monthly cost for residence that has to be paid were around 500.000 – 1.500.000. This can be a additional burden for the employee and also for the city. The housing functional conversion happened in the area, might be out of control and out of local government calculation, which is not well-balanced by the growth of infrastructures and facilities.

growing uncontrollably or located in

b. Food Stall

Food stall is one of the most important facility that is needed in order to support the sustainability of a development, including a shopping center. The food stall here is the place for the employee to eat and have a rest. Unfortunately, not every shopping center provide a canteen for their employees or although usually they provide canteen but in incompatible size. Thus, the accretion of food stalls started as one of the impact. Actually the growth of food stalls around a shopping center also can be seen as





No	Places For Employee to Eat	Frequency (in %)				
		Never	1-2x /months	1x per week	2-3x per week	Everyday
1	Food Stall around Lippo Puri Mall	40	27	7	16	10
2	Restaurant Inside Lippo Puri Mall	57	30	3	10	0
3	Employees Canteen Inside Lippo Puri Mall	3	13	0	13	71
4	Lunch Box	34	3	33	13	17
5	Catering	100	0	0	0	0

Source: Questionnaire, 2016

Radius From Lippo Puri Mall

Food Stall Name	Pondok Makan Puri Kembangan	Gudeg Jogja
Location	Jalan Raya Kembangan	Jalan Raden Saleh
Road Classification	Collector Road	Arterial Road
Consumer Characteristic	Local residents and employees around	Local residents and employees around
Operational Hour	09.00 – 23.00	10.00 – 22.00
Food Price (IDR)	15.000 – 75.000	10.000 – 50.000

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Mall. If we see further through the map above, there were not much food stalls located right beside the mall, instead within the residential area. This table below is showing the condition of food stall around Lippo Puri Mall.

Table 4. Samples of Food Stall Within 1 Km

Information:

- Green row shows direct impact for local residents
- Red rows show possibility of direct impact for local residents
- Purple rows show no direct impact for local residents

From the table above, can be seen that employee of Lippo Puri Mall are actually using the facility from the mall management. This could be due to the mall management concerns or there are not much food stalls around Lippo Puri

From the figure and table 4 above, can be seen that food stall is not the part of the impact from a shopping center development (in this case in Lippo Puri Mall), but rather because of the existence of residential area. Since Puri is an established residential area, which has local regulation that forbid the residential change of usage into commercial and has a very specific function for every piece of their land.

c. Parking Lot

Type of transportation (or vehicle) used by employee could give an impact economically for the surrounding, which could be the possibility of business opportunity such as parking lot. From an observation, the writer can tell that parking lot is a good business that usually grows around a shopping center, especially with limited motorcycle parking space. The usage of vacant land as parking lot momentarily, could give an impact socially to the society. The environment could change: become denser, uncomfortable with the high frequency of motorcycle passing by, more polluted, etc. Thus, we need to see further what type of transportation

*Source: Primary Field Survey, 2016*

mode that is used by the employees of Lippo Puri Mall.

Based on the questionnaire, 73% of the respondents were using private vehicle for everyday work, while the other 27% were using public transportation. Meanwhile, within the 73%, 92,7% of them parked their vehicle outside of the mall (informal or local parking spaces). With this, actually there is a good impact economically to the local residents also a win-win solution for the employee (cheaper parking price), the owner of the land (from land rent), and also the management of the parking lot (from parking lot rent) but not for the city. Every development arises in a city is a double-edged knife. At one point could give an advantage for some group and in the same time could give a disadvantage for another.

Illegal parking lot is actually good, if arranged by local government. But if an illegal parking lot controlled by local mafia could cause another issue because usually they also utilize road and pedestrian for parking lot (on peak hour). There are 2 illegal parking lots located very close to Lippo Puri Mall, which are located in Jl. Puri Harum 1 and Puri Harum 2 which have 5.000 IDR parking rent fee for motorcycle and 10.000 IDR for car. Operational hour of the parking lot also follows the shopping center operational hour.

#### 4. CONCLUSIONS

Based on interviewed done to one of fashion retail branded in Jakarta, that usually open their retail shop in the shopping center, 1 employee is hired for every 20-25 sqm of retail rental space (Net Leaseable Area – for shopping center around 60% of GFA). With this ratio, for Lippo Puri Mall will be needed around 7.200 employees. That is the number of sales promotion girl and sales promotion

boy that are needed for 12-hour operational assumption, while security guard, parking employee, cleaning service and other outsources are not included yet in the formula. Assumed the out sources needed for every day are 30% of total employee (will be 2.160 persons) so it will be around 9.360 employees everyday working in a shopping center gradually.

The research shows that there are positive impact for both social and economic condition of local residents. Which can be shown from the local economic enhancement surround (rental house, rental parking lot, food stalls, etc). Meanwhile, positive social impact can be seen from the absorption number of workers from West Jakarta (surrounding area where Lippo Puri Mall is located).

Based on the data and analysis above, a shopping center actually give a variety of impact economically and socially to the surrounding, both in a good and bad impact. But, if we analyze further, especially when we know the number of employees that have to be served also, other questions started to arise: who are going to served them (food, place to stay, transportation, etc.)? How does the city support their everyday work and life? How the local government is dealing with the regulation that assured their prosperity? Does the mall management think about the employees? These questions should be answered by doing further research on relation between shopping center management and their employees. And hopefully could give a brief information for local government and shopping center management in order to enhance both the city and the citizens into a better life.

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