

The Social and Economic Characteristics of the Street Vendors in Bandung and Yogyakarta, Indonesia

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Abstract- The street vendors plays important role in many cities of Indonesia. However, studies that examine the social and economic characteristics of these business activities are limited. For this reason, this study aims at discussing the social and economic characteristic of the informal sector in two cities of Indonesia. These two cities are Bandung in the province of West Java and Yogyakarta, in the province of DI Yogyakarta. The method used to collect the data and information is by using questionnaires and in-depth interviews. The number of sampled in this survey was 100. The study found that most of the street vendors have educational background less than senior high school. They mostly come to the cities partly because of difficulty to get jobs in rural areas. In addition, the source of capital to establish the business activity was from their own source. The daily profit earned from this business activity is mostly for the daily needs and almost no respondents are able to save their income from this business activity. The government faced dilemma to assist these business activities as they may be able to push the growing rural urban migration. Therefore, much remain to be done by the government to seek better solutions for the large number of the street vendors in both cities of Bandung and Jogyakarta under surveyed in particular and in Indonesia in general.

Index Terms— The street vendors, social and economic characteristics, profit earned, dilemma.

I. INTRODUCTION

The informal sector plays an important role in Indonesia's economy. The reason why this sector grows significantly is partly because this type of activity is able to provide cash income and creates employment for the majority of the labor force. According to the Central Board of Statistics (CBS, 2015), the proportion of the employment who engaged in this sector in 2015 was more than 50 per cent of the total employment in Indonesia. In 2012, for instance, the number of employment engaged in this sector was about 66.8 million people or at about 54 per cent of the total employment, while in 2015 it increased to almost 68.8 million people or 58 percent of the total employment (Table 1). Note that, the business activities of the informal sector can easily be found in many cities in the country, including the city of Bandung, the province of West Java as well as in Yogyakarta, the province od DI Yogyakarta. For the many types of the informal sector activities in the cities of Indonesia, the street vendors are dominant.

Table 1. The Number of employment in the informal sector from 20012-2016 (thousand)

	2012			2013			2014		
	Urban	Rural	Total	Urban	Rural	Total	Urban	Rural	Total
Indonesia	22.842	44.838	67.680	23.026	44.749	67.775	23.661	44.408	68.069
West Java	5.220	4.903	10.123	5.304	4.771	10.075	5.606	4.781	10.387
DI Yogyakarta	540	541	1.082	530	526	1.056	500	534	1.034
City of Bandung	325	-	325	309	-	309	319	-	319
City of Yogyakarta	82	-	82	76	-	76	75	-	75

	2015			2016		
	Urban	Rural	Total	Urban	Rural	Total
Indonesia	25.021	41.291	66.312	26.863	41.341	68.204
West Java	5.853	3.616	9.469	5.725	3.616	9.341
DI Yogyakarta	536	432	969	655	466	1.121
City of Bandung	305	-	305	289	-	289
City of Yogyakarta	68	-	68	110	-	110

Source : Central Board of Statistics, 2016.

The growing number of the street vendors in the cities of Indonesia indicates at least three things. First, there is a lack of the government efforts to create employment in the formal sector economy. Second, there is an uneven economic development between rural and urban areas. Third, the industrialization has been unable to create employment opportunity for the bulk of labor force in Indonesia. Therefore, the informal sector including the street vendors was considered as the safety valve of the bulk of the labor force in Indonesia.

Although the economy is in a dualistic form, both the formal and the informal sectors are functionally interdependent. This, for instance, can be seen from the fact of the herbal industries which used the informal sector in selling their herbal product directly to the consumers. Similar example can also be seen from many cigarette industries where many of the cigarettes product produced by the cigarette industries are sold by the small shop in the streets. The preference to establish these informal sectors is simply because of no large capital needed to establish the informal business sector. This sector is also "free" from government tax and it almost does not have significant risks in establishing this business activity.

The interdependency between the formal and the informal sectors can also be seen from the fact that more than two million people - both workers and employees of the formal sector in the city of Jakarta in particular were used to buy food from the informal sectors. Many of these workers buy food from the informal sector is mainly because food sold by the informal sectors are relatively cheaper than those sold in the formal restaurants. At first glance, the above conditions indicate that there is a functional relationship between the formal and informal sectors. However, this relationship was argued by some experts contain elements of injustice, even at certain levels this can also lead to exploitation (De Soto, 1992).

This paper aims to examine the social and economic characteristics of the street vendors in Indonesia, taking case of the street vendors in the cities of Bandung and Yogyakarta. The method used to collect the data and information was by using questionnaires and in-depth interviews with some of the informal sector in Bandung and Yogyakarta. The data and information collected were not only on the educational level, the working experience in the sector and the nature of business activity, but it also included the source of capital and the profit earn by the informal sectors under surveyed. Note that, the total number of respondents under surveyed in the Cities of Bandung and Yogyakarta were about 100 respondents. However, before discussing the findings of this study, the following section 2 will overview the general conditions of the street vendors in the cities of Bandung and Yogyakarta as the background of the analysis. Section 3 then discussed the findings of the study. Finally, concluding remarks are drawn in section 4.

II. GENERAL CONDITION OF THE STREET VENDORS

As mentioned above, the study was undertaken in the cities of Bandung and Yogyakarta. Both of the cities, of course, have their own specific advantages and disadvantages seen from the perspectives of the socio-economic potential and the existence of street vendors. In the city of Bandung, for example, this city has an area of 167.85 km², and the administrative comprised of

26 districts and the population number is more than 4 million people. In this city, the street vendors can be differed based on location in that some of these activities are located in the pedestrian path, while others are in the small shop located close to the street. In fact, it can also be found the street vendors who take advantage of the crowds or traffic lanes.

The city of Yogyakarta, however, has the area of 32.50 km², or only about 1.02% of the total area of Yogyakarta Province. Administratively, the city of Yogyakarta consists of 14 districts and 45 villages. The population of this city was less than 2 million 2015. The economic structure of the province of Yogyakarta was dominated by trade sectors trade at about 25.5 percent, while the services sector came in second, which is equal to 21.3 percent. Based on Regulation No. 26 / 2002 concerning the settlement of the street vendors, it was mentioned that the street vendors were categorized as the trade sector. This is simply because this business activity sells products to the consumers.

The location of the street vendors in the city of Bandung can be found in the streets of Otto Iskandar Dinata, Merdeka, Asia Afrika, and around the square of the streets Dalem, Kapatihan, and Dewi Sartika, to name just a few location. The products that were sold by these street vendors include clothing, crafts, toys, and food and drinks. The employment of the street vendors in this city is mostly from outside Java, such as Sumatra, Kalimantan, and Sulawesi. The rest was from some districts of the province of Wes Java such as Tasikmalaya, Garut, and Sumedang.

The employment of the street vendors in Yogyakarta are mostly from Wonosari and Kulon Progo, and others mostly from Minang (West Sumatra), as well as from Solo and Wonogiri (Central Java). Type of business street vendors in the city Yogyakarta was dominated by those who sell a souvenir / batik / crafts, and clothing. The growing number of the street vendors in this city is due to the issuance of Major Regulation No. 62/2009 in which roads or sidewalks are allowed for the location of the street vendors. Note that many of the street vendors in the city of Yogyakarta can be found in the streets of Tukangan, Hayam Wuruk, and Lempuyangan. Similarly, it can also be found in the District of Gondokusuman, such as in the streets of Urip Sumoharjo, and Prof.Dr. Sardjito to mention just few streets.

III. RESULTS AND DISCUSSION

3.1 Reasons to Become as the Street Vendors

There are many reasons why the street vendors as selected as the source of income by the respondents under surveyed. However, of these many reasons, the lack of capital has been pointed out as the main reason. As shown at Table 2, the proportion of the street vendors who stated this reason was about 64 percent in the city of Bandung and it was about 54 percent in the city of Yogyakarta. This reason is quite understandable as the respondents under surveyed can be grouped as the low income groups. Hence, by engaging in this business activity, the respondents who work as the street vendors can easily have cash income in fulfilling their daily basic needs.

Table 2. The Number and Percentage of Respondents by Reasons to become the street vendors

Reason to become street vendors	The City of Bandung		The city of Yogyakarta	
	Number of Respondents	Percent	Number of Respondents	Percent (%)
Limited capital	32	64	26	54
No other employment opportunities	7	14	5	10
Heritage	1	2	3	6
Environment factor	1	2		
Have own business	8	16	14	28
Economic pressures	1	2		
Hobby	-	-	2	4
Total	50	100	50	100

Source : Data collected from the field survey.

3.2 The Level of Education of the Street Vendors

The level of education of the street vendors in the City of Bandung and Yogyakarta was mostly dominated by those who are no more than Senior high school. This is not surprising since the nature of the work of the street vendors was not so much needed high skills. Most of these street vendors under surveyed were migrated from rural areas to the urban areas as the results of push and pull factors faced by them in their rural areas. As shown at Table 3, the proportion of the street vendors in Bandung under surveyed who has the educational level less than elementary school was about 40 percent, while in the City of Yogyakarta it was much less at 16 percent.

In the city of Yogyakarta, the largest portion of the employment of the street vendors was in the group of senior educational level (54%). This finding may suggest that the street vendors in the City of Yogyakarta have a better income level than those the street vendors in the city of Bandung justified from the educational attainment. This is simply because many studies argued that there is a positive correlation between income and education. This means that the higher the level of education of a person, the better income will be received by that person, *vice versa*.

Table 3. The Number and percentage of Respondents by the educational Level

The educational level	The city of Bandung		The City of Yogyakarta	
	Number of respondents	Percent	Number respondents	Percent
Elementary school	20	40	8	16
Junior High School	14	28	7	14
Senior High School	15	30	27	54
University	1	2	8	16
Total	50	100	50	100

Source : Data collected from the field survey.

3.3 Working Years Experience and Business Location of the Street Vendors

In terms of working year experience, the study found that the percentage of respondents have been working in the street vendor activity was between 1 to 5 years. In the city of Bandung, for example, the number of respondents who have been working in this category were 60 percent in Bandung, while in Yogyakarta it was only 38 percent. The rest of the respondents have been working as the street vendors for more than five years (Table 4). This suggests at least two things.

First, the street vendor activity might be considered able to fulfill the daily needs of the respondents. Second, it may be because there is no other employment opportunity for the respondents to work other than in the street vendor business activity. Note that, the proportion of the respondents who work for less than a year was growing. This indicates that the street vendor business activity was a promising business activity and it can be considered as the safety valve for the respective respondents to sustain their life.

Table 4. The number and percentage of Respondents by working year experience

Working Year Experience (year)	Bandung		Yogyakarta	
	Number of respondent	Percent	Number of respondents	Percent
< 1	2	6	2	4
1 – 5	30	60	19	38
6 – 10	9	18	8	16
11 – 15	3	6	5	10
16 – 20	3	6	3	6
> 20	3	6	13	26
Total	50	100	50	100

Source :Data collected from the field survey.

The business location of the majority of the street vendors under surveyed was in the city centre. In Bandung the proportion of the respondents who work in the city centre was 84 percent, while in the city of Yogyakarta it was about 92 percent (Table 5). This finding was not surprising as the business activity was usually centralized in the city. Also, it is because many offices are located in the centre of the city. The second business location was close to the markets and almost no respondents who sell their products in the area of tourist objects particularly in the city of Bandung. The consideration to select business location of the street vendor is indeed not only due to economic factors, but it may also due to other non-economic consideration including the type of products sold by the street vendors.

Table 5. The Number and percentage of Respondents by Business Location

Location	Bandung		Yogyakarta	
	Number of respondents	Percent	Number of respondents	Percent
Centre city	42	84	46	92
Close to the materials used by the street vendors	2	4	-	-
Close to the Markets	5	10	1	2
Close to Markets	1	2	-	-
Close to the tourism objects	-	-	3	6
Total	50	100	50	100

Source: Data collected from the field survey.

3.4 The Initial Capital Investment and Its Sources

It is true that the initial capital investment needed for establishing the business in the informal sector was relatively small. As exhibits at Table 6, the initial capital investment needed by the respondents ranged from 1 to 5 million rupiah. In Bandung, for example, the percentage of respondents who stated that their initial capital investment ranged from 1 to 5

million rupiah were 74 per cent. However, in Jogjakarta the initial capital investment needed was more than Rp. 5 million. This suggests that the street vendors in the city of Yogyakarta are different with the street vendors in the city of Bandung both in terms the size and the type of its business activity (Table 6).

Table 6. The Number and percentage of Respondents by the Initial Capital Investment

The initial investme nt (million Rupiah)	City of Bandung		City of Yogyakarta	
	Number of Responde nt	Perce nt	Number of responde nts	Perce nt
< 1	8	16	11	22
1 – 5	37	74	18	36
> 5	5	10	21	52
Total	50	100	50	100

Note : 1 US\$ = Rp. 13.300.

Source: Data collected at the field survey.

Furthermore, the source of capital to establish the street vendors in both cities of Bandung and Yogyakarta was mostly from their own capital. In the city of Bandung, the percentage of the respondents who stated this view was about 88 percent, while in the city of Jogjakarta it was about 74 percent (Table 7). This finding indicates that the street vendors in both cities avoided borrowing money from money lenders available in both cities. The use of capital from Banks, however, was not significant as the respondents were not able to provide collateral on one hand and because the respondents were not familiar with banking system on the other hand.

Table 7. The Number and percentage of respondents by the Source of Capital

Source of capital	Bandung		Yogyakarta	
	Number of respondents	Percent	Number of respondents	Percent
Own capital	44	88	37	74
Family	3	6	12	24
Money lenders	1	2	-	-
Banks	1	2	1	2
Borrow Pinjam teman	1	2	-	-
Total	50	100	50	100

Source: Data collected from the field survey.

3.5 Business Types of the Street Vendors and Its Daily Profit

Business types of the street vendors under surveyed in the cities of Bandung and Yogyakarta are different. As shown at Table 8 that the business type of the respondents in the city of Bandung was dominated by those who sell food and drinks, while in the city of Jogyakarta it was dominated by those who do not only sell food and drinks, but also souvenir and clothing and shoes. The explanation for the differences of the business types owned by the respondents under survey is quite clear. In the city of Jogyakarta, the selection of the business types is because Yogyakarta has many tourist attraction including the

temples of Borobudur and Prambanan Temples, while the bulk of the street vendors in Bandung who sell food and drinks and clothing as well as shoes as this city is quiet popular with food culinary and textile and leather industries.

As shown at Table 8, the percentage of respondents who sell food and drinks, souvenirs and other products in the city of Yogyakarta was about 22 percent, while it was about 18 percent of the street vendors sold clothing and the like. Whilst in the city of Bandung, it was about 60 percent sold food and drinks. The proportion of the respondents in Bandung who sell clothing and shoes was about 14 percent (Table 8).

Table 8. The number and percentage of the street vendors by type of products sold

Type of Business activity	The city of Bandung		The city of Yogyakarta	
	Number of respondents	Percent	Number of respondents	Percent
Food and drinks	30	60	11	22
Souvenir	-	-	11	22
Clothing and shoes and the likes	7	14	9	18
Ornamentals	8	16	11	22
Toys	2	4	-	-
Music and video discs	2	4	1	2
Books	1	2	1	2
Card for mobile phone			1	2
Plants	-	-	3	6
Painting	-	-	1	2
Herbal and traditional medicine	-	-	1	2
Total	50	100	50	100

Source: Data collected from the field survey.

The daily profit earned by the street vendors in both cities under surveyed varied depending on the type of the business activity. The average daily profit generally ranged from Rp.

100,000 to Rp. 500,000 (1 US\$ = Rp. 13,300). This profit earned by the respondents was usually used for fulfilling their basic daily needs. However, those respondents who earn profit more than Rp. 500,000 reported that they were able to

save for their saving and for expanding their business activity. Table 9 detailed the number and percentage of the respondents by the daily profit earned from the business activity. This finding indicated that the majority of the respondents who work as the street vendors were only able to fulfill their daily needs from the profits earned.

However, it is argued that the profit earned by the street vendors was relatively better than the income received by the lowest rank of the government officers. In a month, it was reported that the street vendors are able to have net income at about Rp. 6 million, while the lower rank of the government officers are only able to have monthly income less than Rp. 5 million. This condition may be as one reason why the bulk of labor force selects the informal sector as the main source of income.

Table 9. The Number and percentage of respondents by the daily profits earned

The amount of daily profits (thousands rupiah)	The city of Bandung		The city of Yogyakarta	
	Number of respondents	Percent	Number of respondents	Percent
< 100	26	52	23	46
100 – 500	23	46	25	50
> 500	1	2	2	4
Total	50	100	50	100

Note : 1 US\$ = Rp. 13.300.

Source: collected from the field survey.

In summing up: the street vendor business activity in both cities of Bandung and Yogyakarta under surveyed play important role in absorbing the growing labor force. However, the educational level of the workers in this business sector was relatively less than senior high school and they mostly come from rural areas. The government faces dilemma in assisting the street vendor. This is because the informality of this sector may push the increasing rural urban migration. For this reason, the role of government to develop the social economic condition rural areas is a must. If not, the street vendors in particular and the informal sector in general will become expanding in cities of Indonesia.

IV. CONCLUDING REMARKS

The street vendors can be considered as the safety valve of the growing labor force in Indonesia. This business activity was found to be important sector in providing employment opportunity for the poor in both cities of Bandung and Yogyakarta. However, the educational attainment of the respondents of this business type activity is mostly less than Senior high school. The source of capital to establish the business activity is from their own source. The role of banking to finance their capital investment was still very limited. This is indeed because the street vendors are unable to provide collateral. In addition, the government faced dilemma to assist this business activity as it can encourage rural urban migration. Therefore, much remain to be done by the government to seek solutions to this growing number of the street vendors in both city of Bandung and Yogyakarta. If not, the informal sector in general and the street vendors in particular will become a big problem of urban development in Indonesia.

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