

PEDAGANG KAKI LIMA DI WILAYAH METROPOLITAN BANDUNG, MASUKAN BAGI PEMBUATAN KEBIJAKAN *(Street Vendors in Bandung Metropolitan Region, Inputs for Policy Making)*

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Abstract Peranan sektor informal diperkotaan dalam pembanguna menjadi isu penting dalam kebijakan. Di Indonesia evaluasi kebijakan sosial masih memfokuskan perhatian pada pertumbuhan dan dampak sektor informal terhadap lingkungan kota. Pertumbuhan pedagang kakil lima menjadi kontroversial karena terjadi konflik kepentingan antara kesempatan kerja dengan kepentingan publik. Artikel ini menyediakan informasi tentang faktor-faktor yang mempengaruhi pedagang kaki lima yang berguna bagi pembuat kebijakan di kota Bandung. Fokus bahasan terutama pada karakteristik mereka, alasan memilih profesi ini, dan lokasi bisnis yang disukainya.

Kata Kunci: Informal Sector, Street Vendor, Policy making

1. INTRODUCTION

The informal sector is known by many different names according to different contexts and points of view. Variously referred to as the informal economy, unregulated economy, unorganised sector, or unobserved employment, to cite but a few of its titles, this sector typically refers to both economic units and workers involved in a variety of commercial activities and occupations that operate beyond the realm of formal employment (Williams and Windebank, 1998; Suharto 2002). In the urban context, the informal sector refers to small enterprise operators selling food and goods or offering services and thereby involving the cash economy and market transactions. This

so-called "urban informal sector" (UIS) is more diverse than the rural one and includes a vast and heterogeneous variety of economic activities through which most urban families earn their livelihoods.

Activities of the urban informal sector in the public arena of cities are particularly apparent in street-based trading, which is widely known as street vendors or *pedagang kakilima* in local language. Although these street enterprises are mostly hidden from the state for tax, they involve very visible structures, and are often subject to certain limited administrative processes, such as simple registrations or daily collection fees. The main forms are retail trade, small-scale manufacturing, construction, transportation, and service. These

fees. The main forms are retail trade, small-scale manufacturing, construction, transportation, and service. These economic activities involve simple organisational, technological and production structures. They also rely heavily on family labour and a few hired workers who have low levels of economic and human capital and work on the basis of unstandardised employment laws (Suharto, 2000; 2001; 2002).

With reference to street enterprises, the issue of the informal sector is particularly related to its business operation. The street traders operate their businesses in the areas that can be classified as public spaces and are originally not intended for trading purposes. As most street trading occupies busy streets, sidewalks, or other public spaces, it is often considered illegal. This status makes these traders victims of harassment and threats from police and other government authorities. In Bandung, for example, the municipality government continues to perform clearance operations in the five busiest areas: the Alun-alun Square and the streets of Asia Africa, Dalem Kaum, Kapatihan, and Dewi Sartika. It is believed that these areas should be free from the "nuisance" of *pedagang kakilima*, especially during event days. This actually often involves a policy of "clear-the-streets and arrest-vendors" that removes the street enterprises from the areas in which they have been operating.

In Bandung, there are areas of visible agglomeration of such enterprises, particularly along the major transport arteries and streets (e.g. the streets of Asia Africa, Dalem Kaum, Kapatihan, and Dewi Sartika) and in road reservations in the city. They are

also concentrated in other areas, such as public markets, commercial complexes, and bus stations, where crowds congregate at the day and night. Above all, they are found in public spaces and low-income residential neighbourhoods, usually through squatting on public or privately owned land.

In Bandung, very little, if any, attention has been paid to integrating the urban informal sector in urban development planning. While the municipal and district government have no adequate understanding on the nature of micro-economic activities, the local government authority has not seriously considered the aspirations and needs of street traders.

This research therefore address these issues, and integrate them within the urban space and economy. The results is useful for policy makers and city administrators to identify a number of policy options and programmes in accommodating the operation of small and micro-enterprises. The provision of suitable workshop sites and of access to appropriate technology and credit at a relatively lower cost, as well as the provision of adequate and appropriate shelter and infrastructural services, are some examples of the possible interventions.

In addition, the results can also be shared for policy analysis in some advanced countries, especially in the European Union nations which are now witnessing the exclusion of an increasing production of the citizens from both formal employment and welfare provision and hence experiencing the growth of the informal economy (Williams and Windebank, 1998:29).

2. LITERATURE REVIEW

2.1 Defining the Urban Informal Sector and Street Traders

In most countries, both developing and developed ones, activities in the informal sector were not included in national employment statistics (Suharto, 2002). In an attempt to bring this sector to national attention as well as to reduce the concern over high unemployment, the inclusion of the sector in national figures has now become a common feature in many developing and developed nations alike (see Portes, Castells and Benton, 1989; Thomas, 1992; Williams and Windebank, 1998). However, their activities, which are mostly unregistered and unrecorded in national income accounts, are still the main determinant in referring to the sector as informal. The main reason is that the activities are almost always outside the scope of state regulation and protection. Even if their activities are registered, the informal sector does not follow any labour protection, job security and other protective measures of the workplace (see ILO, 1993; UNDP, 1997; Williams and Windebank, 1998).

In the urban context, the informal sector is often referred to as consisting of small enterprise operators selling food and goods or offering services and thereby involving the cash economy and market transactions. This urban informal sector is more diverse than the rural one and includes a vast and heterogeneous variety of economic activities through which most urban families earn their livelihoods. The main forms are retail trade, small-scale manufacturing, construction, transportation, service, and domestic

work operating either as home-based or public-based activities. Activities of the urban informal sector in the public arena of cities are particularly apparent in street-based trading. Although these street enterprises are mostly hidden from the state for tax, they involve very visible structures, and are often subject to certain limited administrative processes, such as simple registrations or daily collection fees.

Putting the distinction of street traders under the umbrella concept of urban informal sector, Suharto's study in Bandung (2002) generates a typology of those categorised as street traders or *pedagang kakilima* compared to other urban informal activities as shown in Figure 1. On the basis of observations and interviews on their appearance suggest that the *pedagang kakilima* in Bandung meet all or most of the following criteria:

1. They operate in public premises, which are not intended for business purposes, such as the roadside, pavement and other connected-to-street premises (e.g. near public market, the square, green areas).
2. They trade a variety of items categorised as food, goods, or services for economic benefits involving market transactions.
3. They form linkages with the rest of economy, especially backward linkages with the modern-formal sector (e.g. many commodities sold by *pedagang kakilima* are industrially manufactured goods).
4. They are unlicensed, but not categorised as criminal by law or the regulations of the Bandung administrative area.

5. They do not pay tax, but pay daily fees to the city authorities such as for sanitary and security purposes.
6. Their businesses involve family members in both ownership and management systems.
7. Their enterprises are small and are mostly own-account workers or employing less than five workers, including unpaid family members or apprentices.
8. Their employment is not protected by any sort of employment benefit either from government (e.g. social services, pension) or labour union (e.g. insurance, fixed and standardised salaries).
9. Their establishments are characterised by inadequate infrastructure and technology, and limited economic and human capital.

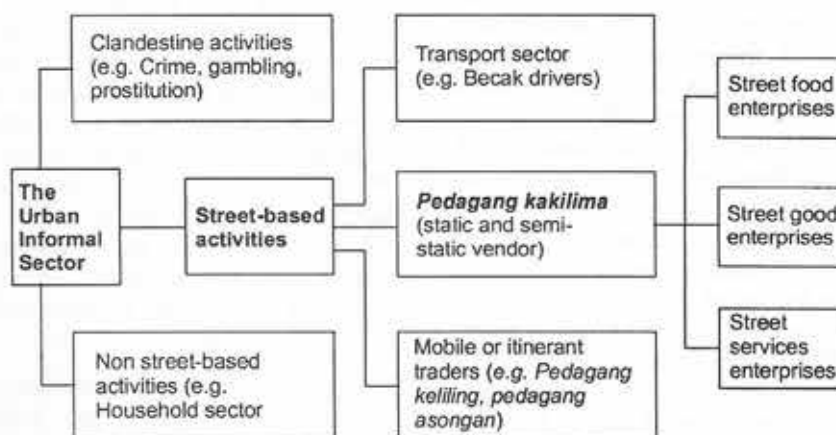


FIGURE 1: A typology of *pedagang kakilima*

Source: Suharto (2002:189)

Note that this study avoids the terms "shadow", "invisible", or "hidden economy". This means that it does not assume the informal sector as an economic activity in the hidden interstices of contemporary society. It is argued that the informal sector is observable in the communities in which it takes place and even in areas where informal activity is condoned, it remains visible not only to society, but also to the state authorities (Williams and Windebank, 1998). This study also avoids the other common tendency of referring to the informal sector as a criminal activity, known as the "black",

"underground", or "clandestine economy". It is held that unless the informal activity is illegal by nature, it is considered legitimate and legal in all other respects. The term informal sector is therefore not synonymous with criminal, antisocial, or morally questionable activities, such as theft, prostitution, drug dealing, or gambling.

2.2 Role of the UIS

The role of the urban informal sector (UIS) in development has been one of the many contentious issues in the public policy area. In Indonesia, evaluation and policy attention toward

the urban informal sector is mainly concerned with the high growth rate of the sector and with its negative effects on the urban built environment. This is especially true for street vendors, the most dominant sub-group of the urban informal sector in the country (Suharto, 2002). Their continued presence in the markets and sidewalks of the cities produces a variety of conflicting opinions about the importance of their retailing activities in the overall urban economy of Indonesia.

The importance of the informal sector to Indonesia's development is obvious. High and uneven population distribution, an increasing rate of growth of urban population, and the effects of slow industrialisation call out for initiatives to create employment alternatives for an unprecedented growth of the labour force.

During the 1990s, the employment situation in Indonesia was particularly difficult as employment opportunities in the formal sector were unable to absorb the growing labour force within the national labour market. Between 1990 and 1997, while the labour participation rate increased from 55 percent to 58 percent, the work opportunity rate decreased from 97 percent to 95 percent. As a result, the open unemployment rate increased from 1.7 percent to 4.7 percent during the same period (CBS, 1995:19; CBS, 1997:1).

Indonesia has one of the largest informal economies in the world. As in many other Third World countries, the informal sector in Indonesia still accounts for most of the total employment and has, therefore, a larger impact on creating a more equitable

distribution of incomes in rural as well as in urban development. During the 1980s and 1990s, the number of those who constitute the economically active population and who depend on the informal sector as their main source of employment and income has been consistently more than sixty percent of the total labour force (see Sethuraman, 1985; Evers and Mehmet, 1994; Firdausy, 1995; Azis, 1997; CBS, 2001). In 1998, it consisted of 43 million in rural areas and 14 million in urban areas or about 65 percent of the total working population (CBS, 2001; Hugo, 2000:125).

As widely reported by national and local newspapers, the growth of the informal sector was particularly high during the recent economic crisis. The crash of the modern economy between 1997 and 1999, involving the closure of banks, factories and service agencies, pushed the newly unemployed to more than double in the informal sector. In the case of street enterprises, the increase is even more impressive. In Jakarta and Bandung, for example, from the end of 1996 to 1999 the growth of the street vendors was estimated at 300 percent (*Kompas*, 23 November 1998; *Pikiran Rakyat*, 11 October 1999).

Despite the fact that the informal sector provides a livelihood for huge numbers in the national labour force, this sector continues to have low productivity, poor working conditions, low incomes and few opportunities for advancement. Although some of the more structured groups of the informal sector, such as street traders, tend to have an entrepreneurial character and sometimes high incomes, it is widely recognised that the informal sector is still vulnerable, with little capital, limited markets,

inadequate economic returns, and low levels of living standards (Suharto, 2001).

2.3 Business and Locational Decisions of the UIS

According to Yankson (2000:315), as the urban informal economy expands, there is bound to be a proliferation of workshops and worksites or an intensification in the use of informal economic locations. This would breed and exacerbate environmental problems, such as traffic and health hazards, which are associated with the operation of informal economic activities. Therefore, there is an increased demand for suitable sites for such enterprises with requisite infrastructure and services. Unless the urban development planning responds with the appropriate policy and programmes, the prospects for their growth and development cannot be initiated. A failure of the urban management system to integrate them in the city master plan will result in a haphazard and scattered locational pattern of informal economic enterprises within the urban built environment.

In cities of developing countries, informal economic activities are found in almost all main roads and arteries as well as in residential areas. Therefore, it is important to understand why the operators of these small-scale informal enterprises choose the sites or locations where they run their enterprises. To arrive at this understanding, the analysis of some theoretical models of industrial locations is required.

Amin (1993), amongst others, has suggested agenda for the integration of the urban informal sector in the urban planning process. He believed that such

accommodation could lead to better management of the urban economy and the environment than otherwise. However, the integration of the urban informal sector into the urban planning needs to address a number of issues. At least, the issues involve questions regarding how to provide the sector with access to appropriate worksites, adequate and suitable workshops, environmental services and security of tenure for sites of the vendors (Yankson, 2000).

Perera (1994) has argued that the lack of suitable premises for production and marketing is a fundamental limitation of the growth of informal enterprises, because such a deficiency inhibits capital investment and the creditworthiness of these enterprises. Hence access to permanent workplaces at suitable locations is essential for capital investment, increased production and productivity for informal enterprises. According to Sethuraman and Ahmed (1992) this approach could facilitate technological upgrading aimed at improving the quality of the goods and services produced within the informal economy.

Yankson (2000:316) suggested that the location and site selection of the operators of informal economic units is at the core of the integration issue. He maintained that the locational pattern of the units has influenced the operators' decisions to select land use configuration and to invest in them. The locational pattern also has a bearing on employment and environment relationships. In views of a number of authors, such as Wbwer (1929), Isard (1954), Lösch (1954) Alonso (1975), Glasson, 1978, and Hoover, (1984),

Yankson further outlined the main tenet of location theories. He stated that there are two main lines in the locational theories: the classical location models, which seek to maximise profits through the last cost approach, or via the maximisation of sales. However, Yankson (2000:316) confirmed that:

Location is not simply a matter of achieving maximum profits, whether through minimisation of costs or maximisation of sales. There are other variables that need to be considered: locational interdependence, the difficulty of evaluating the relevant variables, especially costs in different locations, market conditions and the policies of rival firms, and whether firms indeed seek to maximise their profits or not.

According to Yankson (2000), the classical model is not a good framework for studying the location decisions of small firms, particularly in developing countries. The model does not allow for uncertainty, hence it probably cannot satisfactorily explain the spatial behaviour of small entrepreneurs in non-Western countries. He then argued that the behavioral model developed by Pred in 1967 is likely to be more beneficial and complementary to the classical model (Yankson, 2000:317). It focuses on people's incomplete knowledge and inability to utilise the available information in order to obtain optimal location in terms of concerned profits. These considerations are then used by Dijk in 1983 to develop a framework, called behavioural location model, to analyse small enterprises in which the model places uncertainty as a main point (Yankson, 2000). As Yankson (2000:317) asserts:

This uncertainty arises from the illegal status of most small enterprises, the lack of tenure or security of their plots, their inability to secure suitable sites and legal title to land, the illegal status of their workshops and a land use planning system that does not take their interests into consideration.

To analyse business and locational decisions of the urban informal sector, this study draws on the issue of site selection guided by Dijk's model and developed further by Yankson framework. The model outlines a scenario of location and identifies the factors that are likely to influence the relocation of an enterprise. It includes: security of tenure, the personal relations between an entrepreneur and his or her customers, and the price of a plot or workshop.

3. OBJECTIVES OF THE STUDY

The research is basically intended to identify major characteristics of street vending and working and environmental conditions of the enterprise in which they are operating, such as business profiles, social and economic determinants of street vending activities, and factors influencing the selection of worksites of the street traders in the urban space economy.

4. RESEARCH STRATEGIES

4.1 Research Methods

The type of research undertaken by this study was the triangulation method. This mixed-research strategy involves

different quantitative and qualitative research approaches and multiple techniques of data collection, such as surveyed questionnaires, observations, focused interviews, and document study. The fieldwork for this study was located in Bandung Metropolitan Region (BMR) for about three months, between June and August 2003.

The triangulation method refers to a combination of strategies to study the same phenomenon employing "between methods" or "across methods" derived from multiple quantitative and qualitative techniques of data collection (Denzin, 1978; Creswell, 1994; Das, 1983; Suharto, 2002). As identified by Greene, Caracelli and Graham (1989), the purpose of the triangulation method is particularly to seek convergence, corroboration, and correspondence of results from the different research strategies (Suharto, 2002). This method leads to more confidence in the results and generates an innovative approach to the study of social issues.

4.2 Selection of Research Sites and Respondents

Bandung Metropolitan Region (BMR), the city selected as the study area, shares much in common with other large Indonesian cities in terms of the level and pace of urban development as well as the severe economic downturn associated with the recent structural adjustment period. Bandung is the capital of West Java province situated 180 kilometres southeast of Jakarta, the capital of Indonesia. With population of over 4 million, BMR is one of the Indonesian cities that serves as a regional centre for administrative and business activities. This makes it a destination for rural migrants in search

of employment as it has large and varied informal activities, including household-based commodity production, street traders, and itinerant petty traders (*pedagang keliling*).

BMR administratively consists of two areas: the district (*kabupaten*) and the municipality (*kotamadya*). Four research sites were selected within both areas on the basis of "multistage cluster sampling technique" (de Vaus, 1991:67) or the area sampling with multi-stage classification before sampling (Suharto, 1994:31). These sampling blocks include the street, public market, commercial complex, and bus station - areas which typically contain a cluster of street enterprises. The respondents of the research were operators of street vending selected on the basis of place of operations and types of productions.

In this study, the nine sites in municipality and district regions were chosen following their main functional activities as shown in Table 2: (a) Market (*pasar*) owned by local government; (b) Private shopping area (*pertokoan*) with small and medium-sized shops; (c) Commercial complex with large-sized malls, super-markets, and private business offices; and (d) Public transport station: a transportation destination commonly situated just outside or adjacent to, the street, market or private shopping area.

All locations reflect their physical proximity to the main road and also their reliance on activities located on the road. At these locations, public transportation passes along the road at all times of the day and night and there is a considerable volume of traffic. Their locations in relation to both the central

city and the dominant economic facilities reveal certain marked differences. However, since all of the nine sites were located in relatively connected urbanised

areas, they share many similarities, particularly in terms of their geographic and demographic profiles.

Table 1: Number of Street Enterprises under Study in Municipality and District Region

REGION	NUMBER	PERCENT
Municipality		
- Jalan Dewi Sartika (commercial complex, private shopping area)	24	13.48
- Pasar Baru (market, private shopping area)	20	11.24
- Leuwipanjang (bus station)	28	15.73
- Kebon Kalapa (commercial complex, pick-up station)	20	11.24
District		
- Jalan Banjaran (private shopping area)	22	12.36
- Jalan Dayeuhkolot (private shopping area)	25	14.04
- Pasar Banjaran (market, private shopping area)	20	11.24
- Terminal Banjaran (pick-up station, market)	9	5.06
- Ciparay (market, private shopping area)	10	5.61
Total	178	100.00

Source: Fieldwork (2003)

5. RESEARCH FINDINGS

5.1 BMR and Street Enterprises

Bandung Metropolitan Region (BMR) is one of the three largest urban agglomerations in Indonesia, after Jabotabek (Jakarta metropolitan region) and Gerbangkertosusilo (Surabaya metropolitan region). In 2001, the population of Kotamadya Bandung reached 2.1 million with an average population density of 12,758 people per square kilometre. Whilst, with an average population density of 1,207 the population of Kabupaten Bandung was 3.7 million people in the same year.

It is not possible to determine exact statistics for the urban informal sector in Bandung for both *kotamadya*

(municipality) and *kabupaten* (district) areas, since recent and extensive surveys on this matter are not available. In the case of street enterprises (known locally as *pedagang kakilima*), however, it is possible to figure out their numbers, distribution, and some main features. In 1999, the Municipal Government (PEMDA) commissioned a survey to explore the basic characteristics of the street trader within its own administrative area. PEMDA estimated that the number of street traders was 32,000 (PEMDA, 1999).

Compared to the city population, the vendor density per 1,000 city inhabitants is about 15.2. This means that one vendor serves about 66 people. Street enterprises are agglomerated in specific locations, which are close to places

where they can be approached easily and favourably by their consumers. Specific sites for fieldwork were therefore selected on the basis of dominant economic activities and facilities, which contain a pocket of street traders.

5.2 Business Profiles of Street Enterprises

Generally, street enterprises can be categorised as those selling food (57.9%), trading goods (33.7%), and offering services (8.4%). For example, food vendors include meals, drinks, cigarette, candies. Good vendors consist of those selling personal needs (shirts, towel, spectacles, wallet), basic commodities (toothpastes, soaps, perfumes, candles, lamps) and household wares (beds, tables, chairs, buckets, saucepans). Service vendors may range from "creative services" such as shoe-shining, hair cutting, tailoring, and fortune telling to "repair services" such as the reparation of shoes, watches and clocks, keys, bicycles, lighters, electrics, electronics, umbrellas, and home appliances. In selling a variety of items and services, the vendors are found in various places and structures. The majority of vendors use cart (*dorongan*) (39%), kiosk (34%) and mat or basket (23.6%) for their wares and operate their business on the pavement, street or roadside (*badan jalan*), public facility, sewerage and a green area, respectively. Some street traders also sometimes shift and roll their locations from, for instance, the pavement near a school or hospital in the morning to the roadside at the entrance of the square, park, or movie theatre, where crowds congregate at night.

The variety of products sold in the street tends to follow a potential market

of the products. This seems to reflect that street traders have market awareness. Thus, although the trading in each location encompasses all three kinds of businesses (food, goods, and services), street traders in Kebon Kalapa, for example, are more likely to sell food, since their locations are not far from schools, universities, hospitals, and pick-up station, where food consumers are very numerous. In general, one main factor contributing to the large number of street vendors in BMR is economic: the high demand for lower price items. The reason that city inhabitants purchase food, goods or services from street enterprises is because the prices of most street products are always lower than those for restaurants, shops or supermarkets. Almost all strata of the community were observed to purchase items from street vendors. However, the main consumers generally come from middle to lower classes, from schoolteachers to taxi drivers, from office guards to *becak* (pedicab) drivers, and from office clerks to construction workers. Street vendors ensure that everyone gets a bargain and that different consumers are offered items of reasonable quality and at affordable prices.

Most street traders in Bandung are conducted by men (71.3%) who operated their business during the day (78.7%), night (3.4%) and day and night (17.4%). Of the 178 street traders, 37.1 percent had achieved Junior High School (12 years schooling), followed by 34.8 percent and 22.5 percent of those who completed Primary Education (9 years schooling), and Senior High School (15 years schooling). For very small enterprises, the amount of capital needed to start and operate a business varies considerably

from activity to activity, and the larger and more technically skilled the establishment, the higher the demand for capital (see Suharto, 2002). For example, street traders offering services such as hair cutting and shoe-shining require little initial and working capital, while traders operating a street restaurant, or selling clothes, shoes, and fruits need substantially more. Based on the mean value of the stock, the average working capital of the street vendors was estimated to be slightly above Rp.1,500,000 or calculated at the rate of \$ 1 = Rp.8,000, about \$187. Sources of capital for these small enterprises typically come from informal schemes such as from family (47%) and moneylenders (23%). Family businesses are critical elements in the economy of street enterprises. In most countries the urban informal sector, notably street trading, is a family business and hence a larger circle of family or kin labour is essential to the functioning of the street establishment (Tinker, 1997:154-5). The information about the source of capital demonstrates this pattern of family business. It shows that most establishments derived capital from informal schemes such as from family (55.6%) and relatives (7.3%).

In terms of trading revenues, most street traders seemed to have no difficulty to remember expenditures and profits although they do not keep written records on their cash flow. After weighting up their answer against the observed daily cash flow, it was found that the vendor's daily average profits were about Rp. 53,686 (\$6.7) placed their revenues up to Rp.1,610,580 (\$201) per month. The findings appear to show that street traders make a reasonable profit from their trading. This earning is

substantially higher than the poverty line established by the World Bank of \$1 per day per capita. On a monthly basis, this earning is also well above the standard minimum wage of formal employment, known as UMR or *upah minimum regional* (regional minimum wages) of nearly Rp.500,000 per month (\$62.5).

Several studies revealed the same pattern as this finding that, on aggregate, the incomes in the informal sector were comparable to those in the formal sectors and even superior to some of them (e.g. Thomas, 1995, Tinker, 1997). Tinker's study (1997:174), for example, revealed that while street food traders in Thailand earn incomes that are relatively higher than the lower to middle ranges of waged employees, in Pune, 75 percent of the traders earn an income above the official poverty line for a family of four - although 15 percent of the traders achieve this level by combining vending income with other sources - and 10 percents of the traders earned income below the poverty line (see also Suharto, 2002a, 2002b)

After this information about socioeconomic background of street enterprises, the rest of the paper is dealing with the reasons of the business operators to participate in trading and for selecting worksites. Understanding these variables is very important to know the motive behind their participation in the business, as well as to provide additional information about the history of business activities. This information can be used to underline policy alternatives in integrating the urban informal sector into urban planning. In this regard, street traders were asked to express their opinions on the nine areas of reasons of participating in street

enterprises (Table 4.2) and ten factors determining their selection of worksites (Table 4.3). Six attitudinal scales (from strongly disagree to strongly agree) were used to measure the response toward corresponding items with response range was 1 to 5.

5.3 Socioeconomic Reasons to become Street Traders

The majority of respondents perceived that they participate in street trading because of the difficulty of entry into the formal job sector (4.11) or alternatively, due to the ease of entry into street trading (3.78). In order to obtain some incomes, it is relatively easy to start and operate the business. They can, for example, adjust it to their knowledge and skills, or they can operate it by following their predecessor through kinship networks. As to the rest of the variables (questions number 6 to 9), their low average mean (2.15 and 3.25) may indicate that these reasons have had relatively less influence on their decision. It is interesting to note that although their return level is higher than the poverty line and is relatively favourable

in comparison to other available and accessible alternative sources of income, they perceived that street trading is not a job that provides adequate income and high social status as shown by the average mean scores of 2.91 and 2.15 respectively. This may be caused by the fact that the poverty line and regional minimum wages are actually very low. They are set out on very basic physical needs (calorie intake) and does not take into account social needs, such as education, health and housing. As a result, while those who have incomes below poverty line and are unable to purchase their basic needs can be labelled as being extremely poor or destitute, those who are able even to meet the costs of the basic necessities cannot automatically be labelled as "not poor" since their incomes are still in the lower tail of the income distribution of the country. They are still likely to face problems of overcrowded housing, lack of access to transport and recreation facilities, which, although not being life-threatening, represent deprivation compared to the rest of the population.

Table 2: The Reasons to Participate in Street Enterprises

REGION	MEAN	STANDARD DEVIATION
It is difficult to obtain a job in the formal sector	4.11	1.013
Easy to enter/start the street enterprises	3.78	0.832
Easy to operate the street enterprises	3.71	0.722
It is a job that is suited to knowledge and skills	3.41	1.049
I am just following predecessors (parent, relative, friend, neighbour)	3.34	1.170
It is a job that is interesting to me	3.25	0.938
It is a job that is challenging to me	3.21	0.938
It is a job that provides adequate income	2.91	0.896
It is a job that provides high social status	2.15	0.703

Source: Fieldwork (2003)

5.4 Factors Influencing the Selection of Worksites

The result of the analysis presented in Table 4.3 show that the best location to attract customer appears to be the most important factor influencing their location for business activities. This is followed equally by availability of access road (3.71) and lack of alternative sites (3.71). The table also shows that avoiding harassment from security, security of tenure or plot, and proximity to house are important for street traders' decision in selecting their workplaces. This information reveals that although street traders were widespread in many different places, their locations always reflected their reliance on economic activities which were either located on, or affected by, the street. Thus, while many street enterprises may clearly be drawn from the main roads or intersections, some of them clogged sidewalks or pathways reflecting their physical proximity and access to the

streets. They know how to sell and make profits by selecting only those strategic locations where demand for their products is high.

As elsewhere, the popular image of street vendors in BMR finds them agglomerating around potential business locations. In Jalan Dewi Sartika, Pasar Baru, and Kebon Kalapa, for example, street enterprises surround the market (*pasar*), shopping area (*pertokoan*), and commercial complex trading food, commodities, and services to city dwellers. In Leuwipanjang and Terminal Banjaran, on the other hand, street vendors were found at and nearby the bus and pick-up stations selling products to travellers and drivers. In addition to these locations, the street traders, mainly food sellers, were also observed at the entrance of schools, universities, and hospitals, providing food to their customers, such as pupils, students, patients, staff and visitors (see Suharto, 2002a).

Table 3: The Reasons for Selecting Worksites

REGION	MEAN	STANDARD DEVIATION
Best location to attract customers	3.77	0.787
Availability of access road	3.71	0.865
Lack of alternative sites	3.71	0.998
Harassment from security avoided	3.39	0.964
Security of tenure or plot	3.25	0.961
Proximity to house	3.17	1.192
Free workshop space	2.80	1.054
Plot allocated by municipal authority	2.74	1.058
Easy combination with family responsibility	2.72	0.889
Availability of services at site	2.67	0.996

Source: Fieldwork (2003)

6. IMPLICATIONS FOR POLICY MAKING

Preliminary findings of this chapter have basically described profiles of the study area and respondents of this study. The description on profiles of the study area provided a review of BMR, its economy and its inhabitants. Features of urban development in the region reflect several important patterns of development trajectory occurring in other metropolitan regions, such as Jakarta Metropolitan Region (Jabotabek) and Surabaya Metropolitan region (Gerbang Kertosusilo), and more broadly in the national context. The economic and social development in Bandung has contributed to the level of industrialisation and urbanisation in which the contribution of agricultural sector to the BMR economy is decreasing, released by trade, manufacturing and service sectors.

In BMR most street traders were found to sell foods and operate on the streets adjacent to market, private shopping area, commercial complex and public transport stations. Although the types of products are varied, they generally consist of food, goods and services. The principal finding on the enterprise characteristics of street trading reveal that with many street vendors obtaining some kind of benefit from kinship networks, especially source of capital, the largest enterprise category of the street vendors can be referred to as a family establishment. As a family enterprise, street trading in BMR involves kin relationships in its history of business activities as well as in its production processes and employment characteristics.

With reference to income earnings, it seems likely that most street traders are not living in poverty and that they are not the poorest of the society, especially measured by the poverty line of \$1 a day. While in aggregate and average most street trader incomes are higher than the poverty measure, on the basis of the regional minimum wages, street trading provides a favourable source of income compared to the low skilled formal sector and other visible alternatives, such as unskilled construction workers.

The main factors determining the reasons to involve in street trading is lack of job opportunity in the formal sector. This is followed by the reasons that it is easy to start, as well as to operate street enterprises, and that the urban informal sector is a job that is suited to knowledge and skills of the operators. Referring to literature review in chapter two, this confirms particularly the dualistic and survival strategy perspectives. According to the models, the urban informal sector is referred to as a mechanism of survival strategies of the poor and unemployed to make a living on the margins of modern industrial economy. The diagnosis attributed the situation mainly to insufficient job creation in modern and urban sector as the primary cause of the informal economy.

On the basis of the factors influencing the selection of sites, the urban informal street vendors in BMR perceive that business location should be attractive to customer and have access to main roads in order to offer wider markets. If the government plan to provide alternative sites, they should be harassment-free from security officers, that they should have security of tenure,

and that the operator should have proximity to house.

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